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EUROPE'S BUSINESS NEWSPAPER

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NEWS SUMMARY

GENERAL Hundreds Filipino die in **Turkish** \$20bn quake

Death toll in the earthquake that • THE PHILIPPINES' foreign struck eastern Turkey, 550 miles debts reached about \$20bn by the from Ankara and about 150 miles end of September, said Premier from the Soviet border, might ap-proach that in the country's last serious earthquake in 1976, when

3,800 died at Agri.
Last night about 500 bodies had been recovered by the rescue teams digging in nearly 50 villages near the town Pasinler in a mountainous region. Premier Bulend Ulusu is ex-

pected to arrive in the region today. The weather forecast is relatively good - a key factor, since in previous Turkish earthquakes in winter, more have died from exposure to sub-zero conditions than from the devastation. Page 3

China agrees talks

China has agreed to continue regular consultations with the Soviet Union, but says "big differences" are preventing a return to normal relations. China and India did not settle their border dispute in last week's talks, but made progress and agreed to talk next year. Page 3

Pakistan protests

Fakistan's Opposition leaders are planning a new wave of protests against General Zia ul-Haq's military regime. Page 3

Argentina votes

Argentina voted to elect its first civilian government after seven years of military rule. A close finish was expected between the Peronists, led by Sr Italo Luder, and the Radicals, headed by Sr Raul Alfonsin. Page 2

Lebanon talks open

The Lebanese national reconciliation talks open in Geneva today, with Opposition groups and their Syrian backers having regained strategic advantages they had lost in the previous year. Page 2

Israel warning

Israel warned Lebanese President Amin Gemayel not to yield to Syrian pressure to cancel or after the agreement the countries signed last krone.

Curfew lifted

Israeli troops lifted a curfew impeted on two West Bank Palestinian refugee camps when stones were thrown at Israeli vehicles.

University deaths

Three students died and 10 were critically injured after political clashes between groups at a black university in Zululand

Mugabe's threat

Zimbabwe Premier Robert Mugabe threatened to close private schools unless they admitted more black children and stopped raising fees.

Even more bubbly

French champagne industry experts are forecasting that the 1983 intage will produce 300m bottles, 10m more than last year's record. The narvest was 2.27m hectolitre

Kaunda re-elected

Zambia's leader for the last 19 vears, Kenneth Kaunda, was reelected President in Lusaka

Romanian beatified

Pope John Paul beatified Father Jerenuah da Valachia, a Capuchin monk who worked among the poor in Naples in the 17th century - the first Remanian to be beatified.

Eleven Turks and tour French were charged with assault after Friday's brief occupation of the UK consu-

BUSINESS debts reach

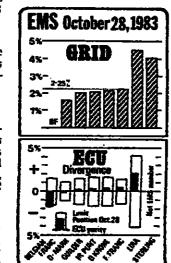
end of September, said Premier Cesar Virata. Page 3

● TAIWAN's intention to order warships worth at least FI 1.5bn (\$500m) from two Dutch yards have prompted a debate in the Netherlands over its "one China" policy.

● NISSAN, the Japanese car group may be cutting plans for a plant in Britain to a level that would be unacceptably low for the UK Government, fears the UK motor components industry. Page 9

• THE BELGIAN franc improved slightly, without any obvious signs of intervention by the Belgian Na-tional Bank, but still remained outside its divergence limit at the bottom of the European Monetary Sys-

A general weakening of European currencies against the dollar helped restrain any pressure on the



system. The D-Mark drifted gently the French franc was at the top of the currencies governed by the 2% per cent band and only the widerranging lira was stronger.

A cut in the Danish discount rate had little impact on the country's

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the sys-tem, defines the cross rates from which no currency texcept the line may move more than 214 per cent. The lower chart gives each currenrice touch that gives tack target cy's divergence from its "central nite" against the European Curren-cy Unit (ECU), itself a basket of Eu-ropean currencies.

· CANADIAN parliamentary committee said the 8 per cent limit on foreign banks' local assets should be lifted. Page 18

• PORTUGAL'S development bank (BFH) has signed a \$25m agree-ment with Colombia to cover exports of goods and services to that

● TURKEY has shortlisted KWU of West Germany, AECL (Candu) of Canada, and General Electric of the U.S. for building its first neclear power station, at Akkuvu on the Mediterranean. Page 18

COMPANIES

• BRITISH AIRWAYS is expected to announce this week first-half profits of more than £100m (\$150m) after payment of interest and tax. Page 18

● VOLVO'S UK subsidiary report ed a 1982 profit of £3.4m (\$5.1m), after a £1.4m loss. Page 12

• WESTINGHOUSE ELECTRIC of the U.S. is applying for its Spanish operations to be placed under temporary receivership. Page 30

• PHILIPS of the Netherlands and Sony of Japan have agreed on the basic format for a compact disc to store computerised data. Page 4 cient productivity gains would keep comparable basis.

Scoon shortly to name interim administration

BY WILLIAM CHISLETT IN BRIDGETOWN AND **MARGARET VAN HATTEM IN LONDON**

SIR PAUL SCOON, Governor General of Grenada, has announced in his first broadcast since the U.S.-led invasion of the Caribbean island that he will appoint an interim administration within the next few days as the first step towards an

eventual general election.

Speaking from St George's, the island's capital, Sir Paul called on Cubans and remnants of the Grenadan Revolutionary Army still fighting in the hills to lay down their arms and surrender. He also ordered all government employees to return to work today and appealed to shops, businesses and

schools to reopen. The Governor-General said he was dedicated to restoring peace and order, full sovereignty and democratic institutions, but added that a curfew would remain in force until further notice.

Meanwhile, the heads of Gov-ernment of the six Caribbean countries that took part in the invasion held talks at the week-end in Bridgetown, Barbados on the fu-

Prime Minister, and other officials, including Brigadier Rudyard Lews, head of the regional Caribbean defence pact.

In London, Mrs Margaret Thatcher, the UK Prime Minister, ex-pressed strong reservations on BBC radio about the need for a Commonwealth peace-keeping force, to re-place U.S. forces in Grenada. Sir Shridath Ramphal, the Common-wealth Secretary-General, is understood to have discussed such a proposal with Sir Geoffrey Howe, the Foreign Secretary, at a meeting last Friday.

However, Mrs Thatcher insisted yesterday that Britain would need very clear assurances on the scope and role of the force before it considered participating. She expressed a preference for some sort of police force and indicated that Britain would be willing to help with aid or, possibly, observers at elections to help in the rehabilitation of the island.

The British Government, meanture of the island. Sir Paul is reportwhile, sought to shore up confied to have flown to Barbados for dence in the Anglo-U.S. alliance

talks with Mr Tom Adams, the ahead of today's House of Commous debate on the deployment of cruise missiles, amid signs of growing public disillusionment

Mrs Thatcher is expected to review developments in Grenada and Washington with Sir Geoffrey and Mr Michael Heseltine, the Defence Secretary, ahead of today's debate.
In a television interview, Sir Geoffrey said the UK Government had made clear to the Reagan Administration from the outset its differences over the handling of the Grenada crisis.

It would similarly make plain its opposition to any attempt anywhere else in the world to impose a government on an independent country from outside.

He conceded that some of President Reagan's arguments in justification of the invasion might be applied to countries such as Nicaragua, in which case Britain would reject them equally. While Britain and the U.S. shared common aims

Continued on Page 18 U.S. pledge, Page 2; Airport builder's denial, Page 18

Nigeria wants five years to pay trade debt

NIGERIA has begun negotiations 3bn (\$4bn) upwards, on top of the with its principle suppliers and leading foreign government export credit agencies, to reschedule the stimated \$4bn to \$5bn backlog in its trade payments, according to se-nior government officials.

The go-ahead was given last week for the Nigerian Govern-ment's economic advisers - bankers Lazard Frères, Lehman Brothers, Kuhn Loeb, and S. G. Warburg - to port insurance agencies, with proposals to refinance the arrears owned on open account trading. The Government is seeking to years, it is understood.

Nigerian officials decline to put a

The need to resolve the question

A complicating factor in reaching

the different export credit guaran-

tee agencies, like Britain's Export

Credit Guarantee Department

(ECGD). Companies with such

International credits, Page 19

South Yellow Sea, near Tsingted

Initial seismic tests have indicat-

ed a substantial sedimentary basin

25 km long by 11 km wide which

has the correct age and other indi-

cators to be of excellent oil-bearing

where in the world. Even if that

structure is only a quarter full of oil

we could expect at least 500 million

recoverable barrels," said Mr Cluff.

China by the end of November to

begin intensive seismic work in the

area. Drilling is not expected to be-

gin for at least a year in the rela-

not until 1986.

A team from Cluff will arrive in

"That's a tremendous size any-

Cluff Oil optimistic

on China venture

\$2bn already refinanced. of trade arrears has been made more urgent by the continuing slow progress in the IMF negotiations. and the likelihood that rather less than the expected \$2bn will now be

forthcoming from the fund. quota regulations come into force. approach the country's largest com-pany creditors, their bank and extinuing disagreement on the size and form of any devaluation of the any final agreement is the extent to spread the repayments over five which the arrears are covered by

The exercise is directly linked to Nigeria's continuing negotiations with the International Monetary Fund (IMF) for an extended three year loan. It follows agreements in July and September with more than 60 international banks to refinance almost \$2bn of payments owing on letters-of-credit transactions.

figure on the full extent of the backog, built up over the past two years following the slump in Nigeria's oil exports. Drastic import restrictions have yet to bring the current account of the balance of payments into equilibrium. Bankers and leading companies in Lagos estimate the arrears at anything from Naira

BY MARK BAKER IN PEKING

been granted by China in the South

The prediction was made by Mr

Algernon Cluff, Cluff's chairman,

immediately after an official sign-

ing ceremony in the Great Hall of

Cluff Oil is the first company to

be granted a sole operatorship in the vast offshore exploration zones

being opened up by China and the

first independent company to be

Even more gratifying to Mr Cluff

and his executives are the geologi-

some of its 16 blocks which cover

granted a stake by the Chinese.

the People at the weekend.

ng in excess of bullm barrels

ICI's top men take a road show to Wall St

By Carla Rapoport

THE John Harvey-Jones collection of eccentric ties is tucked up in the hold of a British Airways Concorde this morning as the chairman of ICI and three of his top executives take off for their U.S. road show. The visit will mark the debut to-

Swedish robots on

the track of

Japan, Page 5

morrow of ICI's shares on the New Officials in Lagos no longer ex-York Stock Exchange under their pect a deal to be finalised before January 1 when the Fund's new own listing rather than in the form of American Depository Receipts. Americans already hold nearly 10 They also admit that there is con-

per cent of ICI's shares; their rush into the shares earlier this year helped push the price from 350p to around 580p these days. Almost 8m of the shares were traded in just three successive sessions earlier this month. ICI and its bankers say that the

road show aims to promote some loyalty among these new investors as well as widen their ranks. In the course of this week, the ICI

cover would naturally prefer to team will whiz through five U.S. claim on the insurance policy rather than agree to any rescheduling. cities, meet hundreds of institutional investors and forfeit plenty of Progress towards an agreement sleep in order to whip up further with the IMF has been disrupted by the Fund's loan financing crisis as a U.S. interest in ICI shares But the team will not be accom result of which all new commit-

panied by any gimmickry. "We thought about turning up with two ments have been temporarily stopped Nigeria's original request for guardsmen on the New York Stock more than \$2bn was made under Exchange," says ICI's Mr Peter Aslet in New York. "But we felt the extended financing arrangement, which provided for loans of John Harvey-Jones is a character up to 450 per cent of a country's enough in his own right."

The UK invaders will be split be-tween two lodges tonight in New York, with some in the Helmsley Palare Hotel in Madison Avenue and some in ICI's private apartments on Fifth Avenue. Tomorrow, the fun begins with a breakfast presentation for 25 "selected investors." Then, it's on to Wall Street at 10am for the first trade of ICTs shares, under their own listing.

In keeping with stock exchange CLUFF OIL of the UK is optimistic 4,400 sq km in the north area of the the first 100 shares himself. Then tradition, Mr Harvey-Jones will buy it's quickly back to mid-town for the chairman's first sip of California wine, Fumė Blanc, 1981, at a lunch for 80 more "selected investors."

ICI executives have been assur ing their London following that no major announcements will be made in the course of the U.S. trip. They also say that they won't be so overcome by the reception that they are likely to buy a few companies while Nonetheless, the group is hungry

to expand in the U.S., where sales are currently around 51bn a year, Its investment bankers, Smith Barney Harris Upham and Goldman

Continued on Page 18

French Socialists move left to preserve unity

BY DAVID HOUSEGO IN BOURG-EN-BRESSE

unity.

The threat of an open division at opinion polls and the difficult ecothe party congress here was nomic circumstances in which it avoided when the party leadership has to work, any public display of made concessions to M Jean-Pierre disunity could seriously harm their Chevenement, the former Minister chances in the European elections of Industry, and his Ceres faction next year and the legislative elecover economic and foreign policy. A resolution adopted unani-

mously at the end of the three-day was not present at the congress, he congress leaves the party putting is believed to have pressed from bemore emphasis on economic expan-sion, the channelling of bank cred-and to have signalled broad acceptits to transform industry and the ance of the concessions. The party use of import controls. The resolution also tilts the party mit the Government to change its

to a position more critical of the policies. M Lionel Jospin, the party U.S.

"France speaks a different lan-mis summing-up speech that eco-cuage to the world than that of the nomic policy was decided by Presi-United States," said an amendment. "There are disagreements with the U.S. over their ultra-protection-least lay open the possibility that ist trade policy, their egoistic monetary policy, their adventurist policy followed by more growth-oriente in Central America and the Caribones to increase output and jobs. bean, as illustrated by their invasion of Grenada ..."

The 1,500 delegates present at the biennial congress greeted with cheers and relief the unexpected news that all-night bargaining among party leaders had brought a his ambitions to be eventually pres-

FRANCE'S Socialist Party shifted compromise with M Chevenement's idential candidate of a united left leftwards over the weekend to acminority faction, which represented M Mauroy said that "rigour" was commodate the views of its more some 18 per cent of delegate votes. necessary "for our policy to sucernment's current slump in the earners' purchasing power.

> ter, was scarcely mentioned in contions in 1986. gress debates, reflecting the uneasy Although President Mitterrand resolution, however, does not comdent Mitterrand. But the Ceres faction believes that the concessions at

The possibility of some relaxation was also hinted at by M Pierre Mauroy, the Prime Minister, in his speech to the congress on Saturday, which, in its appeal for a rallying of Communists and Socialists, staked

ceed. It does not constitute our pol cy." He joined with the left of the of oil from exploration zones it has party in emphasising that the Government sought to maintain wage-Significantly, the name of M Jacques Delors, the Finance Minis-

acceptance by the party of policies they recognise as necessary but which are not their own. The party has, however, consistently been more to the left than the Govern-On the economic front, the main amendments accepted to the resolucal indicators of the potential of tively shallow waters and possibly were: the insistence on a minimum

tion put forward by the leaders of economic growth (as opposed to the stagnation this year and next) which with the Left's social objectives would be more difficult; the need for maintaining and improvpresent restrictive policies will be ing wage-earners' purchasing powfollowed by more growth-oriented er, so as to maintain a level of demand in the economy to reinforce the modernising of industry; the se-lective channelling of credit to reinforce the industrial sector; subordinating the autonomy of management of the nationalised industries Continued on Page 18

Peugeot forecasts heavy loss in 1983 despite growing sales

BY DAVID MARSH IN PARIS

PEUGEOT, the French car group

in complex talks with the Govern- year ment and unions over plans to rethat it would break even this year after accumulating deficits of FFr tor in the UK
Sbn during the past three years. The company

This was offset by falling sales on duce its workforce by more than other European markets, although 7,300, declared in early summer foreign subsidiaries' results were improving, especially at Talbot Mo-

hoped for, in spite of an industrial faster rise of more than 25 per cent in the second half - partly because and commercial performance in of expected higher sales in Europe line with expectations. French registrations of the Peugeot, Taibot and Citroën marques rose 4.3 per cent in the first half, compared with the same period last

prospect for 1983 despite the company's earlier break-even forecast. Peugeot said the second half of

1983 was likely to show an improve-

Peugeot said it expected a much results below levels originally

ment in line with the group's "progressive recovery." Operating losses for the whole year would be continued heavy costs and insuffi- FFr 41.9tn, up 5.9 per cent on a reduced significantly compared

which is the country's largest private enterprise, expects another heavy consolidated loss this year after a first-half net loss of FFr 799m (\$100m) for its financial holding

The company, currently engaged

The company gave no consolidat-But in an interim report released ed group results for the first half. at the weekend, the company said Consolidated first-haif sales rose to

and Africa - which would take the consolidated turnover rise for the whole year to about 15 per cent. Last year, the group lost FFr 2.1bn, and analysts have been suggesting a similar result could be in

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SAS Section III

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BY MICHAEL THOMPSON-NOEL IN SYDNEY

IF THE Australian Government has played its cards right, specula-tion on the Australian dollar exchange rate will become a little har-der from today.

adjustments to Australia's foreign exchange arrangements, announced on Friday, proue only the start of a general move to a more market-oriented exchange rate re-

The initiative falls short of free ing or floating the local ciollar, the exchange rate of which its flexibly pegged to a trade-weighted basket of currencies, but is instended to stem recent heavy speculative inflows and outflows of capital.

First, from today, the AS/U.S.S mid-rate will now be announced at the end of each day, instead of at 9.30 am, though an "undicative" morning rate will still be an undertaking spot foreign exchange minus 0.0015 around the A\$/U.S.\$ nounced, to provide some guidance transactions in U.S. dollars with mid-rate - set at the end of each

THE national reconciliation council meeting of iLebanese

political leaders, which is to

start today in Genev.s, is a triumph for the Lebanese oppo-sition and their Syrian Backers.

A year ago President Amin

Gemayel and the Lebanese Christians believed the Israeli

invasion had delivered power

The Palestine Liberation

Møsiems

There seemed little reason to

Druze community, all the more

so since Washington had promised President Gemayel

Organisation was vanquished, the Syrian army mauled and

into their hands.

Lebanese frightened.

Second, the Reserve Bank will no longer underwrite the official forward foreign exchange market, which recognises that with the growth of the hedge and currency futures markets, the Reserve Bank has been providing a steadily decreasing proportion - now less than 20 per cent - of total forward cover.

The decision to announce the AS/ U.S.\$ mid-rate at the end, rather than at the start, of each day is designed to reduce the scope for speculative capital transactions based on exchange rate movements in foreign currency markets, particularly in Asia, during the course of Australia's trading day.

Until now, the Reserve Bank has announced the AS/U.S.S mid-rate at 9.30 am, based on a trade-weighted

continental Hotel above Lake

defeated by the Druze in the

defeaetd by the Druze in the

mountain war in September, the

Israelis have pulled back to the

Awali River and in the last week the U.S. has seen 230 of its

The savagery of the bomb

attack, its success and the inability of the U.S. to retaliate

effectively underlines the defeat

carried out it is unlikely to

impress the Lebanese, accus-tomed, as they are, to war.

Anything less than a full

marines killed in Beirut.

share power with men like Mr of U.S. policy in Lebanon. Even Walid Jumblatt. leader of the if some act of retribution is

The situation today, as the scale attack on Syria would be leaders meet in the Inter- counter-productive and there is

Geneva, is very different.

customers have been required to day - instead of plus or minus deal within a fixed spread around 0.0005. The banks are already free

this rate. The A\$/U.S.\$ mid-rate has been held artifically steady through the day, whatever the movement in the value of the U.S.\$ in other markets, such as Singapore, Hong Kong and

Under the new regime, the Reserve Bank will still announce the TWI setting at 9.30 am. However, the 9.30 am A\$/U.S.\$ mid-rate will be informal, and banks will be free to deal with customers during the day at mutually negotiated rates. Until now, the 9.30 am mid-rate has also been used as the basis on

bank at the end of each day. From now, the Reserve Bank will index of currencies (TWI). Banks deal with banks at rates of plus or undertaking spot foreign exchange minus 0.0015 around the AS/U.S.S.

Geneva talks point to Lebanon opposition's new strength

Patrick Cockburn looks at the background to today's talks

Reagan is willing to see such an escalation of America's commit-

Propping up President

Gemayel's government in the face of Syria's hostility has

6 The savagery of the

defeat of U.S.

policy 7

bomb attack effec-

tively underlines the

litle sign so far that President President Gemayel

which banks settle their net spot

to set all other rates of excha In addition, the Reserve Bank will no longer underwrite the official forward exchange market. The Reserve Bank is to cease quoting forward margins, and will no longer

exchange with their customers at mutually negotiated rates, and will be authorised to hold spot foreign assets or liabilities as cover against ward positions. For this purpose, the Reserve Bank will establish a

require banks to clear the forward

"spot against forward" currency limit for each bank. On March 8, three days after wincent to counter a major run on the

sufficient concesisons to the

Syrians and their allies in

Lebanon to relieve the pressure

Despite President Reagan's

denunciation of Damascus as a catspaw of the Soviet Union, the White House now has little

alternative but to bow to President Assad's demands.

that these demands include the

abrogation of the May 17 agree-

ment between Israel and Lebanon. This was negotiated

by Mr Shultz himself earlier

simply become to expensive in this year.

It was and credibility.

Mr Abdul Halim Khaddam, ing shells could be seen in the syrian Foreign Minister, is George Shukz, the U.S. Secretary of State, is to ensure that the syrian Foreign Minister, is an ominous warning of how swiftly war could be resumed.

The difficulty for the U.S. is

on the U.S.

However, since then the A\$ has appreciated to its former level, as sured by the TWI, and close to its pre-election, pre-devaluation lev-el against the U.S.S.

On Friday, the mid-rate was set t A51 to U.S.\$0.9175 against IIS \$0.9491 last March 7. Recently, it has been as ositions with it.

Banks will now deal in forward change rate by the Government has been aimed at countering speculative capital inflows, which have been jeopardising money supply

growth targets. The target for M3 growth in the year to next June is 9 per cent to 11 per cent. In the year to September, M3 grew by 12.7 per cent, against 13 per cent in the year to August. The appreciation of the local dol-

ning office, Australia's Labor Gov-ernment devalued the AS by 10 per the mining and farm lobbies, which

re-establishes its position of predominance in Lebanon and no concessions are made to

Mr Walid Jumblatt and Mr

Nabih Berri are demanding full-scale reform in Lebanon.

They want new elections and a fairer distribution of government posts. It is unlikely that President Gemayel, even if he

wished to, has the influence to persuade his fellow Christians

o agree to such concessions. If the resumption of civil war

is to be avoided, however, the Geneva conference must look

for a more modest agreement—
A government of national unity,
including the opposition.

If no agreement is reached
then the ceasefire is likely to
become even less effective. Over

Close result likely in **Argentine** elections

By Robert Graham and Jimmy Burns in Buenos Aires

ARGENTINES yesterday went to the polls to elect their first civilian government after seven years of repressive political rule. With no provisional results likely before today there was intense excitement over whether the Peronists would retain their traditional hold on civilian politics against a strong challenge by the Radical Party.

Early indications suggested that the result would be close, with much depending on the extent of the shift of the Peronist working-class vote to the Radicals, heard by for-

Peronist working-class vote to the Radicals, heard by for-mer lawyer Raul Alfonsin. The closing stages of the cam-paign have been marked by bitter and violent rivalry be-tween these two main parties, expected to account for over two-thirds of the vote. The Radicals have cam-paigned on a mediante Sacial

The Radicals have campaigned on a moderate Social Democratic platform, while the Peronists, led by Sr Italo Luder, have invoked the mystique of their authoritarian nationalist founder, the late General Juan Peron. The last time elections were held, in 1973, General Peron was with 61 per cent of the won with 61 per cent of the vote, against the Radicals' 24.

vote, against the Radicals' 24 per cent.

Voting is obligatory for the 17.9m electorate, which includes 5m new voters. The voting age has been lowered for these elections from 21 to 18. The electoral process involves polling for the six-year term presidency, the 254 seat Congress and the 46 member Senate, plus over 10,000 local government posts including the governorships of Argentina's 24 provinces. Yesterday's presidential

Yesterday's presidential vote was for a 600-strong electoral college. If either the Peronists or the Radicals emerge with a clear majority, the college becomes a rubber stamp. But if the result is

power-broking role.

Sr Alfonsin has said that he will not accept a minerity Peronist government unless it is endorsed by the electoral college. Sr Luder has insisted that whichever party wins the most votes should have the presidency. The electoral college is not due to meet until November 30.

The state of siege, in force since 1974, was lifted on Saturday. For many Argentines this was the first sign that military rule had come to an end. Although the military have banned all gatherings, prevented down most bars and res-taurants, cinemas and theatres during polling, this did not prevent private

The military authorities are expected to release 153 political prisoners today, leaving about 80 still in jail. But up to 15,000 are still missing, unaccounted for, after the "dirty war" against left-wingers from 1976 to

EEC agrees aid pact with Andean nations

THE EEC last week agreed on an economic co-operation

By Paul Cheeseright in Brussels

pact with the Andean Pact countries, bringing to an end three years of negotiations.

The agreement comes as the Andean countries—Bolivia, Colombia, Equador, Peru and Venezuela—are starting to expand their external relations. It is the EEC's first pact of its type with a Latin American regional grouping.

regional grouping.

The purpose of the agreement is to foster industrial ment is to foster industrial co-operation and to develop scientific and technical exchanges. Each side has granted the other the most-favoured nation clause within the terms of the General. Agreement on Tariffs and Trade. This means that tariff concessions granted to tariff concessions granted to third countries will be applied in EEC-Andean Pact

Government's outstanding debt from \$1.389bn. The Treasury has warned that without this action the new

sentatives has already approved an increase to \$1,615bn. But at a special session of the Senate called on Saturday to push the legislation forward, the debate became bogged down

to the debt Bill including calls for a constitutional amendment to give President Reagan powers to veto individual spending items approved by Congress and other amendments relating to the Grenada crisis.

to restrictions on press coverage of the Grenada invasion. On Friday the Senate Rarely, however, has approved an amendment which tainty about the out would invoke the War Powers as great as it is now.

U.S. says troops will leave Grenada 'as quickly as possible'

Mr Eagleburger expressed "disappointment" at the British Government's reaction to the

invasion but added that he thought "it took some guts" for Mrs Thatcher to abstain from condemning the U.S. action in last week's United Nations Security Council vote—a vote to which the U.S. applied its veto. "I think we appreciated that fairly substantially," Mr Eagleburger said in a television interview, adding that the UK was the only European power in the Preurity Council to

Questioned about what would happen now on the island, Mr Eagleburger said that the U.S. was working closely with the Organisation of Eastern Carib-bean States " to have them take over authority on that island," adding that the U.S. would want to talk to Commonwealth repre-sentatives and "to the British" on this too. His comments echoed earlier remarks by Mr

THE U.S. wants to take its Grenada and Lebanon will come troops out of Grenada "as under detailed scrutiny in Conguickly as possible" once the fighting has stopped said Mr Lawrence S. Eagleburger, Under Secretary of State for political affairs yesterday.

Mr Ragieburger armossed Grenada and Lebanon will come under detailed scrutiny in Congress this week where hearings are plained on the continued role of the Marines in Lebanon. There is also mounting pressure for a Congressional investigation of the Adult Interior's claims for a Congressional investigation of the Administration's claims about the extent of Cuban involvement in Grenzda. Leading Democratic contenders for their party's Presidential nomination have questioned the rationale behind the U.S. invasion — but

behind the U.S. invasion — but the President's opponents are moving cautiously.

One reason for this is a steady stream of political opinion polls which show that President Reagan is winning broad public support for his decision to invade Grenada and that his address to the nation on televiaddress to the nation on television last Thursday has buttessed that support. According to
a Washington Post/ABC television poll, support for the way
the President is handling his
job has risen to a two-year high

this week.

There are signs too that the Administration is ready to capitalise on this backing. Thus to talk to Commonwealth representatives and "to the British" on this too. His comments echoed earlier remarks by Mr Tom Adams, the Prime Minister of Barbados, who said in a television interview that when military operations were finished the OECS would "go in and take over duties." capitalise on this backing. Thus may be applicately said that concern about the 1,000 U.S. citizens on the island was not the only explanation for U.S. action. He also cited as reasons the U.S. hostages in Tehran, the restoration of stability to the island and the removal of a security threat over duties." the removal of a security threat
The U.S. actions in both to other Carribbean states.

Budget conflict may delay U.S. Treasury refunding

BY OUR WASHINGTON CORRESPONDENT

THE U.S. Treasury could be Act in the Grenada situation. forced to postpone its \$16bn If adopted, it would put Conquarterly refunding planned to begin on Tuesday because of continuing conflict about troops within 60 days in the measures to cut the budget absence of formal congressional deficit and issues thrown up by the invasion of Grenada.

Act in the Grenada situation. If adopted, it would put Congression the record as demanding the withdrawal of U.S. troops within 60 days in the absence of formal congressional approval that they stay longer. With the debt limit issue now the invasion of Grenada.

Crucial to the planned Treasury fund-raising is a Congressional decision to raise the current ceiling on the Federal

government securities cannot be issued. The House of Repre-

Thus the Senate approved an amendment calling for an end

With the debt limit issue now caught up not only with the debate about the budget deficits, but also with the Administration's actions in Grenada, there are growing doubts about whether there will be enough time on Monday for the Senate to complete work on the legislation and then for a conference of both houses to agree on the final form of the Bill and send it to President Reagan for sig-

It this does not happen by Monday evening the Treasury sale will have to be cancelled. The Treasury, which has abnormoment, would be able to carry on sending out cheques for some days. But Congress is concerned would in effect be handing over to the President its power to determine spending priorities.
In recent years debt ceiling legislation has often been delayed until the last moment before finally being approved. Rarely, however, has the uncer-tainty about the outcome been

Nicaragua plans further land redistribution

BY TIM COONE IN MANAGUE

NICARAGUA plans a major push on land redistribution over the next three months. Since the next three months. Since the agrarian reform law was passed in July 1981, a total of 14,800 farmers, most of them landless peasants, have bene-fited from land redistribution totalling 226,000 hectares.

totaling 226,000 hectares.

According to Jaime Wheelock,

Minister of Agriculture and one
of the top Sandinista leaders,
between now and December
1983 a further 7,111 farmers
are to benefit from titles to
104,000 hectares of redistributed land. An additional 2,400 farmers are to receive titles to 94,400 hectares of land in the interior and north of the

country.

Properties affected by the agrarian reform law are for the most part over 350 bectares in size, and either abandoned or under-utilised, or owned by the former dictator Anastasio Somoza. The redistributed land

members. Over 700 co-eperatives own their land collec-tively. Sr Wheelock said that 70 per cent of the country's agricul-tural land remains in the hands of the private sector, and that the Government's policy is to strangthen the mived economy strengthen the mixed economy and to make further efforts in fostering co-operative develop

ment.
The agrarian reform was one of the principal pillars of the Sandinistas political programme before the revolution. and the acceleration of land fitling in the coming months is seen as a move to consolidate support for the Government in the rural areas, at a time when it is coming under increasing pressure from attacks

Last week a co-operative of 26 families was destroyed in

an attack on the village of Pantasma in the north of the country, killing 47 people. has been allocated mostly to co-operatives. Since the 1979 revolution, some 2,600 agricultural co-operatives have been formed, with over 50,000 destroyed in the attack.

Daimler's chief executive dies

BY JONATHAN CARR IN BONN

The EEC has been running

a small trade deficit with the Andean Pact.

DR GERHARD PRINZ, chief executive of Daimler Benz, West Germany's most prestigious vehicle group, died of a heart attack at his Stuttgart home this weekend. He was 54.

With his death the company loses its top man after less than four years in the job, and West German industry loses one of its most eloquent spokesmen. Born in Sollingen in the Ruhr area, Dr Prinz had long experi
Born and Sollingen in the Ruhr area, Dr Prinz had long experi
which put him in line for the in foreign markets for heavy trucks.

However, Dr Prinz constantly warned that neither DaimlerBorn bloard chairmanship.

However, Dr Prinz constantly warned that neither DaimlerBannier had experience a strikingly profitable complacency. Only last Wednesday, in a widely noted speech, the strongly opposed new trade
union demands for a shorter working week, warning this strengthening Daimler's hold in the U.S. and, from late last year, ability to compete on world its most eloquent spokesmen.

Born in Solingen in the Runr
area, Dr Prinz had long experience in the steel and the vehicle industries (Volkswagen and Audi) before he joined the Daimler board in 1974.

It was that experience, combined with his skill as a

bined, with his skill as a negotiator, for example in the Daimler purchase of the Euclid trucks company of the U.S.,

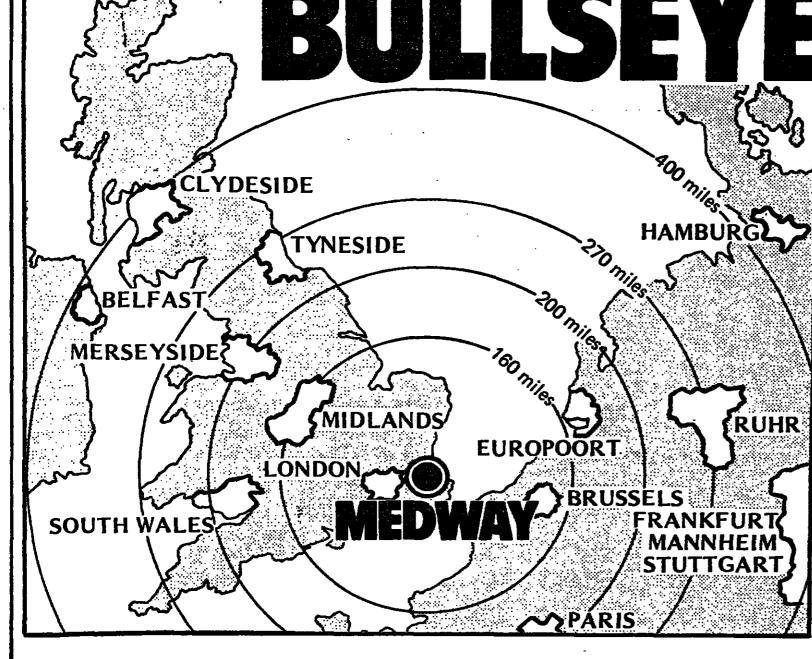
the U.S. and, from late last year, moving into the smaller car market.

Last year the company mark-

edly boosted sales and profits, increased its dividend and paid a bonus on top. In the first nine months this year, group sales were up 2 per cent to DM 29.2bn, despite a setback

ability to compete on world

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OVERSEAS NEWS

Philippine debt reached \$20bn in September

THE PHILIPPINES' foreign debt has reached about \$20hn as of end-September, Prime Minister Cesar Virata said at the weekend, Reuter reports from Manila.

He said that about \$14.1bp of that amount is outstanding fixed - term borrowings. Revolving credits in the nonmonetary sector were \$4.6hn as of June 30, the latest available figure. Of the fixedterm debt, the public sector accounted for 61 per cent of the total, and the private sector for 39 per cent.

The present international reserves are down to about \$450m, but the situation is expected to improve towards the end of November or early December from a level of less than three weeks' import requirements.

Mr Virata said the Philippines was expected to use about \$300m to \$350m of bridging finance from the IMF by the second week of

Inflation from January to September had averaged 7.4 per cent, well below the 9 per cent target, he said. A report released by the Central Bank said Philippine exports from January to September this year had dropped by 1.7 per cent to \$3.741m from the same period last year.

Moves to reduce imports began to take effect, showing a total drop of 5.9 per cent to \$5,504m. The bank's final figures showed the halance of payments deficit at \$1,342m as of end-September after incurring an additional deficit of

\$780m in the third quarter. Abby Tan adds: The heavy outflow in October was affri-buted to commercial banks demanding payments just prior to negotiations, which eventually led to the pesodevaluation, Mr Yirata devaluation,

explained.
Meanwhile, the order to all commercial banks to sell to the tentral Bank 80 per cent of their foreign exchange receipts is creating a lot of unhappiness They said they were expect-ing only to sell 45 per cent and are negotiating to reduce the requirement to 60 per cent as a compromise. The bankers maintained the new rule severely restricts their ability to service clients.

Pakistan's opposition leaders plan fresh wave of protests

BY JOHN ELLIOTT IN NEW DELHI

the Restoration of Democracy.

Meeting at a time when the army has crushed most militant activity in the southern pro-vince of Sind, the movement's action committee decided over the weekend to try to revive the flagging momentum of its two and a half month protest by calling a "solidarity campaign week"

from November 5 to 12.
This decision rules out any chance of early talks between the movement's official leaders and President Zia, although some informal contacts may continue to be made.

Some of the movement's leaders had considered proposing at the meeting, which took place in Karachi, that they should formally start private exploratory talks with the President's aides. But the idea did not receive sufficient support to be tabled.

The movement's leaders will have a tough job rebuilding the momentum of their protests in Sind because of the overwhelming presence of the army. How-ever, anger and resentment against the army is strong and any demonstrations which do take place could quickly become

Pressure on the President is

A FRESH wave of protests trade unionists and by lawyers, against Pakistan's martial law who are also staging hunger regime of General Zia ul-Haq strikes in a number of cities. has been planned by the leaders of the country's Movement for throughout the country will be tested on November 12 which is intended to be the climax of

the new round of protests. The committee wants to strengthen its power base while the President continues the talke wing parties not involved in the protests.
It is widely believed here that

he would like to make an announcement during the first half of December that parlia-mentary elections will be held next September or October.

Political parties at present outlawed, would not be allowed to take part. But individual politicians would in general be

allowed to stand. It is thought that President Zia will seek to exclude the political figures he most fears in the Pakistan People's Party, particularly the widow and daughter of the late President Bhutto whom he removed from

power and executed.

The aim of the democracy movement is to force President Zia out of power and ensure free elections are held. It also wants the release of all politi-

cal prisoners.

More than 4,000 people have been arrested during the protests, weakening the democ movement's organisational efficiency. More than 300 people organisational also slowly building up in the have been sentenced to be Punjab. In Lahore there have flogged and estimates of deaths been angry demonstrations by range from 50 to more than 450.

Peking and Moscow to continue consultations

BY MARK BAKER IN PEKING

ular consultations with the Soviet held in Moscow next March. preventing a return to normal rela-

A joint communique issued at the tails of any specific achievements. There are still big differences," he The communique said a fourth said.

CHINA has agreed to continue reg-round of consultations would be Union but says "big differences" are The Chinese chief negotiator, Vice-Foreign Minister Qian Qichen, said the latest round of talks, had been helpful in increasing mutual weekend said a third round of offi-understanding. "But the serious obcial talks which ended last week stacles hindering the normalisation had been "useful", but it gave no de- of Sino-Soviet relations still remain.

Fears over scale of **Turkish** earthquake

By Our Ankara Correspondent

A WIDE area of eastern Turkey, 550 miles from Ankara and about 150 miles from the Soviet border, was devastated by an earthquake early on Sunday morning.

By mid-afternoon, at least 487 bodies had been recovered by rescue teams digging out survivors in nearly 50 villages around the town of Pasinler. The death toll is expect ed to rise much higher, and there are fears that the disaster may be of the same proportions as Turkey's last major earthquake, at Agri in 1976, when 3,800 people were killed. Although rated at an intensity of 6 on the Richter scale, a relatively moderate rating, the earthquake apparently flattened villages in a large tract of mountainous land east of Erzerum and was felt several hundred miles away in Malatya Three Turkish Cahinet ministers went to the earthquake zone, and Mr Bulend Ulusu, the Prime Minis

day. Tents, blankets, and hospital supplies were being flown to Pasinle Turkish radio broadcast appeals for blood donors to come forward and asked volunteers to supply emer gency equipment.

ter, is expected to travel there to

Effective charge of rescue work was apparently taken over by the Erzerum martial law commander. A martial law communique called on the local population to obey instructions and not to spread alar mist news. The radio also an-nounced that the weather forecast for last night was relatively encouraging for an area where temperatures regularly drop below zero at this time of year.

Many Turkish earthquake disasters in winter have seen a higher proportion of deaths from exposure than from the initial shock waves In 1939, just before Christmas 32,000 people were killed by cold weather after an earthquake in the city of Erzincan, south west of Erzerum, had destroyed their homes.

 Two mass circulation daily news papers in Istanbul have been shut down by the martial law authorities. A military communique said that Tan and Gunaydin would not be allowed to appear until further



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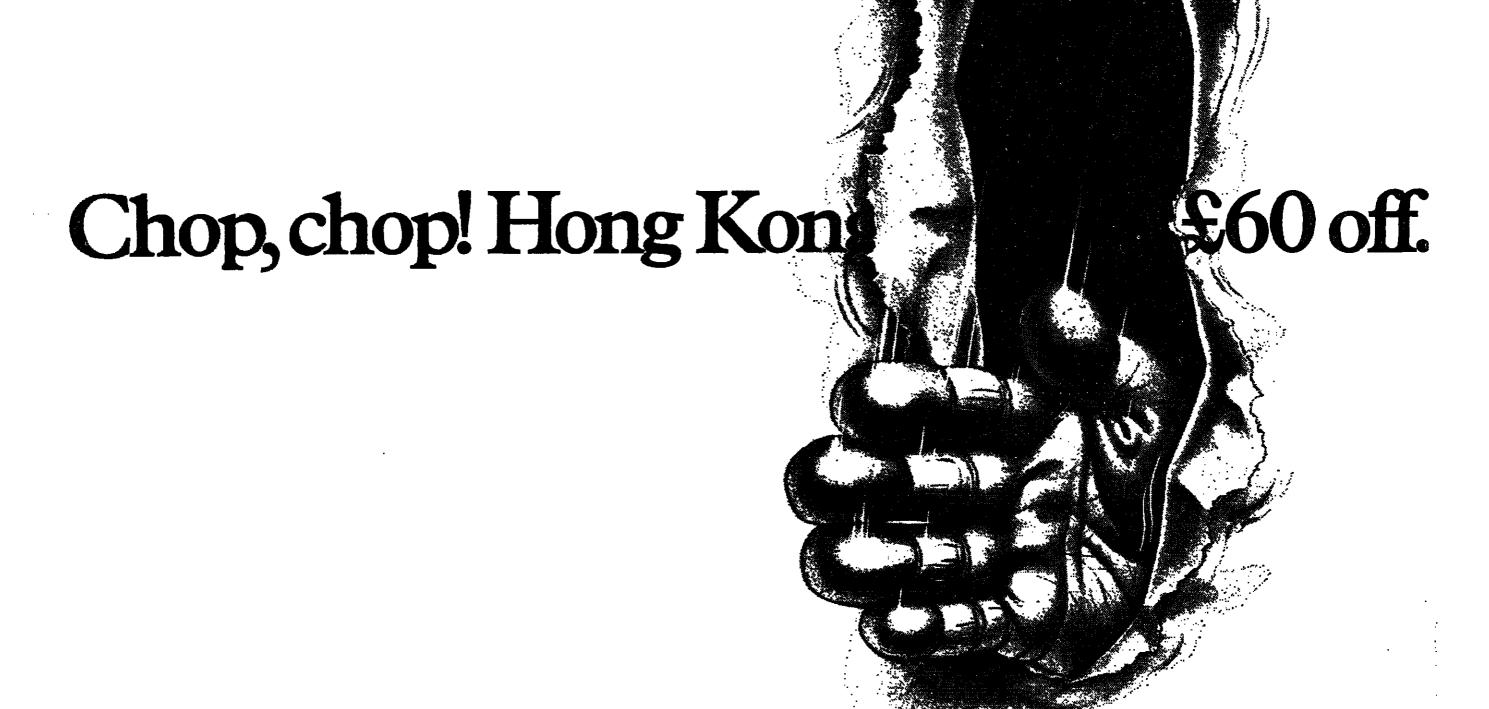
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Dutch row over Taiwan deal hopes

to place orders for naval vessels worth at least Fl 1.5bn (£342.4m) with two Dutch ship-(£342.4m) with two Duten snip-yards have provoked bitter con-troversy in the Netherlands award of a contract for two about the country's "one China" policy.

Three years ago, Taipei's award of a contract for two submarines to Wilton Felinoord provoked outrage in Peking.

possibly several minesweepers from the naval construction division of Van der GiessenDe Noord, near Dordrecht, recognises only the People's

Through him, each single note becomes the element

of a masterpiece

Dutch Government approval for the orders would be required before contracts could be

It is understood that the after which its diplomatic relaorders would be for two subtions with The Hague were remarines from the Rotterdam duced to Charge d'Affaires

the treathes music. His ideas emerge translated into sound.

If the shapes them and combines them, note by note and phrase by phrase, guided by that sincerity which makes his work the natural and necessary product of his thoughts. A product that is so much more than just a combination of the elements he used: it breathes life.

products are developed. The work of today's technological enterprises which are and wish to remain successful, is particularly responsible: their products, too, incorporate a vast variety of individual components, combined to the effect of purpose-oriented usefulness.

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Products that are so much more than just a combination of their components.

That same creative faculty and sincerity are required, whenever valuable and trend-setting

Senior Taiwanese officials Dutch. and businessmen said there
was a policy of building up a
strong bridgehead in Holland management and its works
as part of a general strategy of council yesterday sent an open increasing trade and other letter to the Mayor of Rotter complinks with Europe. A free-dam, Mr Bram Peper, urging his data, spending Taiwanese trade dele-support for any Taiwanese congration visited the Netherlands tracts.

day, while the Government considered It is also known information service denied that the Defence Ministry in the cabinet intended discussing Taiper this month discussed any proposed orders at its possibilities of obtaining weekly meeting.

Philips and Sony agree on compact disc digital storage

phone directories.

BY RAYMOND SNODDY IN LONDON

PHILIPS and Sony have reached sheets of documents or entire teleagreement on a basic format for a compact disc for digital storage of

The new application for the opticompanies licensed to produce the cal discs, originally developed for compact disc digital audio system.

Details of the fermat will be finalised later this year and a prolotype music, will have a storage of 550m bytes - between 500 and 1000 times greater than conventional small

floppy discs.
The 12 cm disc could, for example, store up to 12,000 (A4 size)

The CD-ROM formet is based on the compact disc digital audio sys-tem format for sound reproduction. Philips and Sony have promised the new format for the CD-ROM (read only memory) to more than 40

two audio channels are used for digital data recording. Philips says that spart from the large memory capacity, the main advantage will system developed next year. Philips be the low cost The system is based says a system could be on the mar- on the player and the disc of the compact disc digital audio system.

SHIPPING REPORT

Middle East tanker rates ease

ket by late 1934 or early 1985.

BY OUR INDUSTRIAL STAFF

HE Middle East tanker market failed last week to sustain the volatility that ship owners had been boping for. According to Galbraiths the amount of business concluded by large-sized units from the Gulf was "disappointing " and rates eased.

At the end of the previous week, Shell had been able to cover its ULCC requirement to Singapore at a relatively competitive rate of Worldscale 35 on a 300,000-tonner but the batch of VLCC's that closed last week all had to accept softer rates after non-tranian loadings to the Fast a week explier had to the East a week earlier had averaged out at more than Worldscale 40.

Up to 35 supertankers now thought to be available for the Gulf next month and this could soften rates even further. There was some comfort for owners, however in the World-scale 36.5 and 38.5 that Taiwanese and South Korean charterers accepted for their early and mid-November shipments from the Gulf. There have een no official contracts out of

Kharg Island although some generated good business especi-private deals are thought to ally for owners with vessels of

have been made.

Tonnage is also building up in the Western hemisphere and tanker rates out of the Carib-bean Sea fell sharply. The North Sea, however, once again

ally for owners with vessels of 80,000 to 100,000 tonnes. Bad weather and some congestion has probably reduced business but a number of charterers covered spot requirements last work

World Economic Indicators

		UNEMPL	OYMENT		
		Sept. 183	Aug. 23	July 73	Sept. 102
UK	000s	3,167.4	3,009.9	3,020.4	3,044.2
	%	13.3	12.6	72.7	12.9
US.	800:	10.423.8	10,699.0	10,590.0	11,315.0
	%	9.3	9.5	* *5	10.2
W. Germany	800s	2.134.1	2,794.2	2,202,2	1.820.0
	%	7.9	E.)	8.2	4.8
Belgium	000s	431.4	627.8	605. 2	5710
	%	15.4	15.4	14.8	14.1
Netherlands	000s	827.3	827.5	210.4	697.0
tacalies idelan	56	74.8	14.8	14.5	12.8
Italy	0001	2.672.8	26140	2,596.5	2,427.0
eces)	**	11.9	215	11.5	10.8
	40	Aug. '83	fuly '83	June 183	Aug. '82
France	900s	1.734.G	1.673.3	1,877.7	1,943.9
Limica	×	8.5	.,,,,,	8.2	8.5
•					
محجدز	000s	7,638.6	1,463.0	7,522.0	1,350.0
	%	2.8	2.5	2.6	2.4
Source (an	cept U S.,	UK, Japan) i	grestat		

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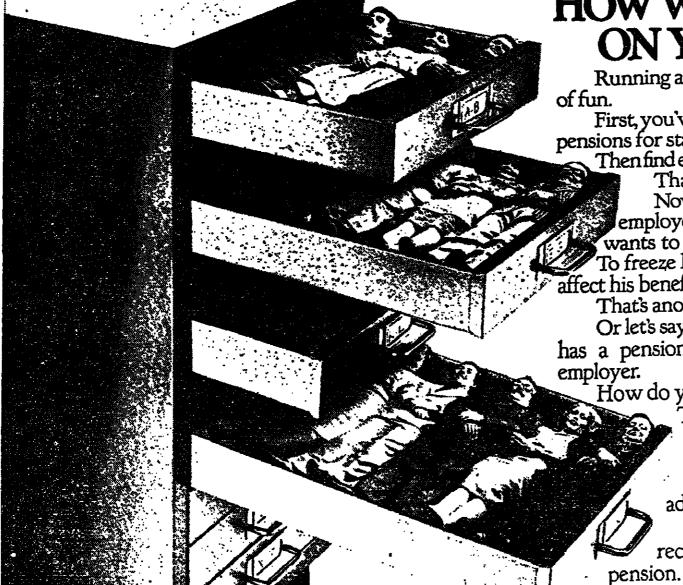
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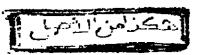
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WORLD TRADE NEWS

Charles Smith reports from Tokyo on ASEA's sales hopes

Swedish robots stalk Japan

ALMOST EVERYONE knows tenance that the company will that Japan is by far the world's offer to Japanese customers. targest's user of industrial

U.S. machinery.

About a month ago, Gadelius completed the assembly of the first ASEA robot at its water-

Japanese counterparts, Accord- percentage in its robots to 40 ing to Mr Gunnar Arnesson, percentage in its robots to average from the Gadelius and the man who negotiated the robot deal with ASEA, prices are

Iran and Pakistan to

(PNSC).

The PNSC will collaborate with the state-owned Iron Ship-

ping Company, its counterpart.

The agreement is expected to

be ratified in the next few weeks by the two joint-owner

start shipping line

BY MOHAMED AFTAB IN ISLAMABAD

two or three ships to start their

Company, on March 21, next

FINANCIALTIMES

The reason why ASEA robots: less well-known is that believes it can claim such the Swedish company ASEA advantages is that, whereas AB, working through a small most Japanese companies have engineering and marketing been building electrically affiliate in Tokyo, is planning powered robots of the kind in to become one of Japans five which ASEA specialises, for the largest robot manufacturers.

largest robot manufacturers,
ASEA last year appointed as
its Japanese agent the 75-yearold company Gadelius KK,
which specialises in the manufacture under licence and sale
of Swedish, other European and
its machinery.

which ASEA specialises, for the
past two or three years, ASEA
ASEA robots at work in European car plants, such as those
of BMW, can be used to prove
the company's claims about
reliability and operating costs.

Mr Arnesson is reticent about the customers who have so far ordered ASEA robots, but they include affiliates of all the main first ASEA robot at its water-front factory in Kobe, south-west Japan. By the end of next year it hopes to have produced and sold more than 200 robots.

The reason why ASEA include affiliates of all the main Japanese car-makers, though most orders so far have been for a single machine. Mr Arnesson hopes that "lot" orders will start coming through The reason why ASEA thinks it ought to be able to sell its robots in Japan is not are well-founded. He adds that swedish robots are likely to prove cheaper than their language counterparts. Accordman who negotiated the robot deal with ASEA, prices are likely to be at the top of the marketing of robots is part of range for each of the three types of machines the company will sell.

Mr Arnesson says, however, that ASEA robots will earn dependent on the sale of their keep—perhaps within a year of purchase—as a result of the higher reliability and longer intervals between main-

ASEA has taken full control of its medium-power transformer division in the U.S. after buying out the 50 per cent stake in RTE-ASEA held by RTE, the U.S. elec-trical components group, writes Terry Dodsworth in New York.

The deal marks a further step in ASEA's expansion in the U.S., where its sales virtually doubled last year to \$500m. The company recently opened a number of new plants manufacturing robots, electrical equipment, relays, bydraulic materials and hightechnology pressure forming equipment.

ASEA has not revealed the full details of the buy-out, but the joint venture with RTE had a turnover of about \$50m and was in profit. The company's recent expansion has taken its robots into car manufacturing plants owned by the hig U.S. car groups, but it is also aiming at a wider market for its robots and other electrical equip-

says. The company decided they in the woodld, and gave the job of market.

manufacturing operation in Kobe to the team of Japanese and Swedish engineers who had carried out the feasibility study.

From ASEA's point of view. Gadelius was initially only one of nearly a dozen candidates for the job of making and market-ing the company's robots. Other candidates on the short list included major Japanese robotmakers, such as Hitachi and general machinery manufacturers such as Niigata Engineer

ing.
"ASEA eventually picked
Gadelius for the job, not because
"The properties in this of our expertise in this particular field but because we convinced them we could not afford to fail," says Mr Arnesson. The fact that ASEA holds a 50.4 per cent stake in Gadelius parent company, Fläkt AB, was a consideration that came into the picture only at the very end of the discussions. Gadelius executives say that many robots produced by Japanese manufacturers bear a "remarkable resemblence" to some of those pioneered by ASEA, even down to the fact that they tend to be painted orange. ASEA and Gadelius, however, have no intention of making an insula our of this Before deciding to handle making an issue out of this robots, we had to make up our fact. What they stress is that minds whether the mechanical ASEA believes it has a technological lead in many aspects other types of machinery could of robot-making which can be make the switch," Mr Arnesson turned into hard cash — even

Tokyo reduces demand for Australian coal

BY COLIN CHAPMAN IN SYDNEY

TALKS BETWEEN Australian IRAN and Pakistan will buy total of six ships, according to coal producers and Japanese the plans unveiled on Thurs new joint shipping line, the day by Rear Admiral Abdul trano-Pakistan Joint Shipping Waheed Bhombal, chairman of the state-owned Pakistan National Shipping Corporation

Australians said de-

The Japanese said: "Slow economic growth was now a fact buyers ended in Sydney on of life in the future of Japan," with both sides pessi- while industrial re-structuring about the immediato was leading towards lower energy consumption.

The managing director of creased coal demand was already Tokyo's electric power company, having a serious impact. Mr Minoru Masuda, said that the "Further lowering of demand, latest estimates for total together with law prices has together with low prices, has energy demand between now and the potential to cause disruption to the industry with serious growth of about 2 or 21 per economic and social consequences."

Why the Hong Kong Government made London's Barbican its main port of call.

Like the Hong Kong Government, many people have already held a presentation at the Barbican. Or an exhibition. Or a conference. Or any combination of all three.

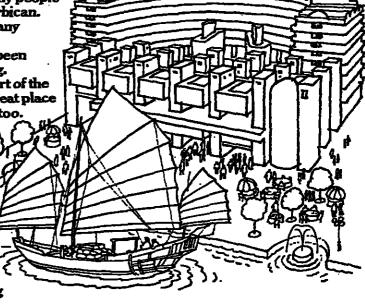
And we can confidently claim they've been very successful. But that's hardly surprising. After all, the Barbican's right in the heart of the

City of London. And London's not just a great place to do business. It's a great place to relax in, too Then, the Barbican Centre for Conferences has all the facilities and

equipment that any conference organiser could ask for. It will welcome 2,000 delegates. Or just 10. It's got loads of effective exhibition space. And, of course, it's part of a development that houses the famous new arts

centre. Music, drama, cinema, art galleries everything to please the cultivated mind. If you want to be confident of success

with your next conference, plan on booking the Barbican.

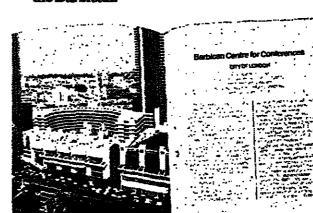


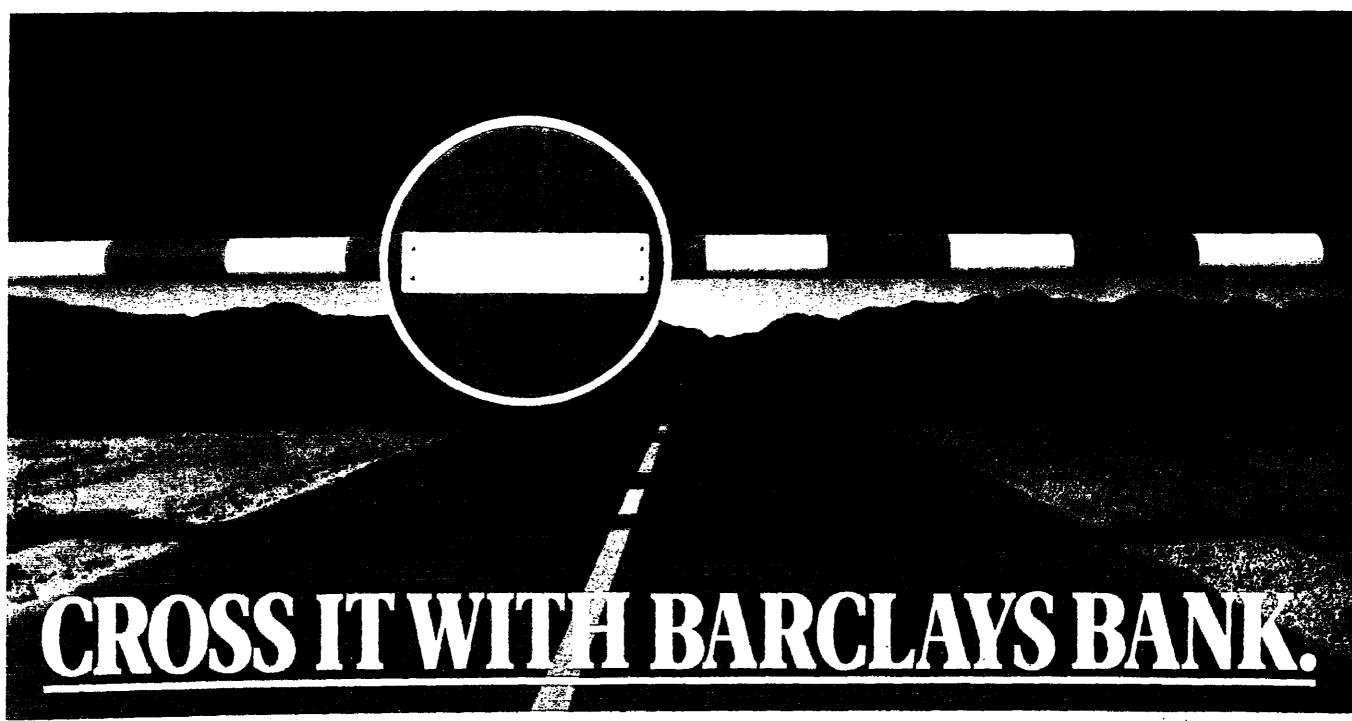
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Please send me my free book.

FT12/9

Barbican Centre for Conferences





They say that the world's getting smaller. But for those who are doing business abroad, the barriers seem to get bigger all the time.

Trade regulations. Culture gaps. Currency problems. Language difficulties. The list goes

At Barclays Bank, we believe that there's only one way to deal with these problems: on the spot.

Which is why Barclays offers you the services of an unrivalled international banking network.

With 5,300 branches across 84 countries world-wide, that cover just about every financial and commercial centre you're likely to trade in. BOTH SIDES OF THE FENCE.

The extent of Barclavs' world-wide network means that there's a branch not far from your own offices.

So your business is handled by Barclays people in your own country speaking directly to Barclavs people overseas-giving you both

faster, more efficient communications and a more relevant and responsive service.

In fact, no bank can do more to point out foreign market opportunities, arrange local introductions for you and help you through local regulations and procedures.

THE RESOURCES YOU NEED

When it comes to financial resources too, total assets of \$95 billion (as at 31 Dec. 1982) put

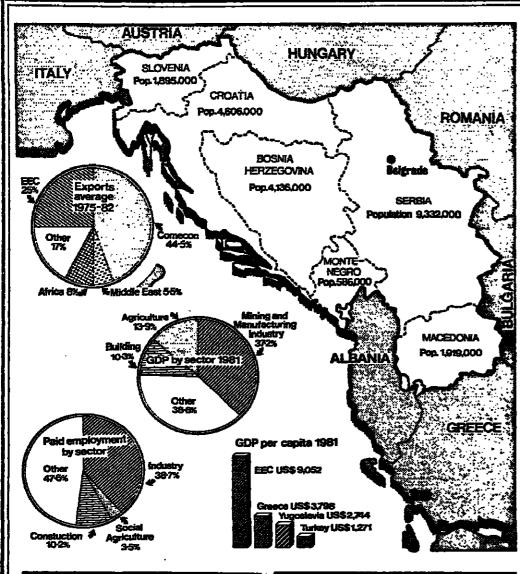
Barclays amongst the world's very largest banks. So that no matter how large or complex the project you may have in mind, Barclays has the resourcesboth financial and geographical - to help you.

Talk to Barclays about your foreign business, and you'll discover a bank that's uniquely placed to meet your company's needs. And, next time you face a barrier to your foreign

trade, a bank that can help you

make a breakthrough.

STATISTICAL TRENDS: YUGOSLAVIA



	<i>H</i> O A 1 .				
ANNU	AL % CHA	NGE		-	
OECD	EUROPE,		1 965 -73 4.7	1973-79 2.5	7979-82 0.5
	SLAVIA IAL PRODU	JCT	5.8	6.3	1.5
DOM	ESTIC DE	MAND	5.8	6.7	-1.5
FIXE	D INVESTA	MENT	6.5	9.0	-5.7
EXP	ORTS (2000	is & servs.):	1 8.0	1.0	5.8
IMPO	ORTS (good	s & servs.)	† 10.0	2.5	-8.8
PROI	DUCTIVITY	-	4.0	2.5	-1.8
t Appr	oximate. '	Excl. agric	ulture.	Sourc	e: OECD
PROD	UCER PRIC	CES 1976=1			
-	Fisel	industrial goods	iav. goods	Consu	
1976	20.00	43.00	56,60	47.0	
1971	28.00	51.00	63.00	53.0	
1972	34.0	56.00	67.00	80.03	_
1973	43.00	63.00	73.00	68.00	
1974					
	93.00	82.00	82.00	83.00	
1975	93.00 100.00	82.00 100.00	82.00 100.00	83.00 100.00	
1975 1976					<u> </u>
	100.00	100.00	100.00	100.00	5
1976	100.00 100.00	100.00 106.00	100.00 110.00	100.00 105.00	
1976 1977	100.00 100.00 116.00	100.00 106.00 116.00	100.00 110.00 121.00	100.00 105.00 116.00	
1976 1977 1978	100.00 100.00 116.00 121.00	100.00 106.00 116.00 126.00	100.00 110.00 121.00 128.00	100.00 105.00 116.00	
1976 1977 1978 1979	100.00 100.00 716.00 121.00 177.00	100.00 106.00 116.00 126.00 142.00	100.00 110.00 121.00 128.00 135.00	100.00 106.00 116.00 127.00	
1976 1977 1978 1979 1980	109.00 100.00 716.00 121.00 177.00 370.00	100.00 106.00 115.00 126.00 142.00 182.00	100.00 110.00 121.00 128.00 135.00 156.00	100.00 105.00 116.00 127.00 141.00	

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VOLUME GROV	VTH.						
		7:	978 18	779	1960	1981	195
FINAL DOMEST	IC DEA	AND 8	3.1 8	.8	-1.4	-4.3	-1.
Private Cons	umptio	n 7	7.0 6	.6	0.7	-1.0	1.
Collective Co	nsump	tion &	3.5 4	l.5	-1.0	-4.8	-1.
GROSS FIXED	NVEST	r. 10).5 (3.4	5.0	-9.8	-6
SOCIAL PRODU	CT		3.9 7	7.0	2.1	1.5	O.
Agrei. & Fon	estry	-6	.4 5	.7	0.0	1.4	6
Industry			3.7 7	7.9	4.2	4.2	-0.
Construction		13	3.Q · S	.6	0.2	-4.2	-6.
IND. OUTPUT	Der WE	rker 5	.3 4	.2	7.5	1.8	-3.
MO. COTTO							
mo. corror						Sour	ce: U
mo. corror				-	_	Sour	ce: U
COMMODITY		OSITIO	N OF 1	RAI)E %		ce: U
	COMP	orts av	erage		Ехр	orts ave	rage
COMMODITY	COMP	1982	erage 77-82	15	Ежре 777	orts ave 1982	77-4
COMMODITY Food, drink etc	COMP Imp 1977	1982 5.2	179ge 77-82 6.3	19 1°	Ехр 777	orts ave 1982,	77-6 77-6
COMMODITY Food, drink etc. Raw materials	COMP Imp 1977 8.1 9.8	1982 5.2 10.7	77-82 8.3 9.9	19 1°	Ежре 777	orts ave 1982	77-6 77-6
COMMODITY Food, drink etc. Raw materials Min. fuels	1977 8.1 9.8 13.6	1982 5.2 10.7 25.8	6.3 9.9	11	Exp 777	1982 19.2 11.2 4.9	77-6 77-6 11-2
COMMODITY Food, drink etc. Raw materials Min. fuels Chemicals	COMP Imp 1977 8.1 9.8	1982 5.2 10.7	77-82 8.3 9.9	11	Ехр 777	orts ave 1982,	77-6 77-6 11-2
COMMODITY Food, drink etc. Raw materials Min. fuels Chemicals Semi-	COMP 1977 8.1 9.8 13.5	1982 5.2 70.7 25.8 12.4	9.9 11.8	111	Expe 177 1.5 9.7 —	17982 17982 11.2 4.9	77-4 77-4 11-2 7-4 9-7
COMMODITY Food, drink etc Rew materials Min. fuels Chemicals Semi- manufactures	1977 8.1 9.8 13.6	1982 5.2 10.7 25.8	6.3 9.9	111	Exp 777	1982 19.2 11.2 4.9	77-4 77-4 11-2 7-4 9-7
COMMODITY Food, drink etc. Raw materials Min. fuels Chemicals Semi- manufactures Finished	COMP 1977 8.1 9.8 13.6 10.3	1982 5.2 10.7 25.8 12.4	77-82 6.3 9.9 19.5 11.8	15	Expe 177 1.5 9.7 — 9.3	1982 11.2 4.9 10.5	77-6 77-6 11-2 7.4 9.7
COMMODITY Food, drink etc. Raw materials Min. fuels Chemicals Semi- monufactures Finished manufactures	COMP1977 1977 8.1 9.8 12.5 10.3 18.3	1982 5.2 10.7 25.8 12.4 15.1	77-82 6.3 9.9 19.5 11.8 16.5	111	Experience 1.5 9.7 — 9.3 9.3 9.5 8	1982 11.2 4.9 	77-4 11.2 7.4 9.7 22.5
COMMODITY Food, drank atc Raw materials Min. fuels Chemicals Semi- manufactures Finished manufactures (Machinery)	COMP1977 1977 8.1 9.8 12.5 10.3 18.3	1982 5.2 10.7 25.8 12.4	77-82 6.3 9.9 19.5 11.8	15 11 2 2	Expenses 1.5 9.7 	1982 1982 11.2 4.9 10.5 22.0 49.2 (21.0)	77-6 77-6 11.3 7.4 9.7 22.9 45.0 (19.3
COMMODITY Food, drink etc. Raw materials Min. fuels Chemicals Semi- monufactures Finished manufactures	COMP1977 1977 8.1 9.8 12.5 10.3 18.3	5.2 10.7 25.8 12.4 15.1 30.5 (21.1)	77-82 6.3 9.9 19.5 11.8 16.5	2 4 (1)	Experience 1.5 9.7 — 9.3 9.3 9.5 8	1982 11.2 4.9 	77-4 11.2 7.4 9.7 22.9 45.0 (4.8 3.2

End of an era of positive economic growth

THE YUGOSLAV economy has been going through a process of adjustment since 1930, after a period of rapid growth which persisted in the years after 1973,

years after 1973.
Yugoslaria's Social Product
(equivalent to business sector
GDP) grew at an annual
accrage rate of 6 per cent
between 1973 and 1979,
compared with a rate of
growth of Gross Domestic
Product of only 2 per cent in
the OECD Europe area as a

The pattern of economic growth shifted away from the external sector towards the domestic market; both fixed investment and total domestic demand grew faster than Social Product. At the same time, the rate of growth of exports fell from 8 per cent a year in the period 1965-1973 to only about 1 per cent in the following six years.

Yugoslavia's external debt increased sharply in the late.

yugoslavia's external debt increased sharply in the late 1970s; by the end of last year, it ranked twelth in the list of developing country debtors to the banks.

Borrowing, along with buoyant receipts from tourism and workers' remittances helped to disguise the

underlying problems resulting from the lack of adjustment to the situation after the first oil shock.
Yugoslavia did not cut energy consumption and, in common with other developing

common with other developing and Comecon borrowers. investment continued to rise as recession was starting in the OECD countries.

By 1980, inflation was accelerating and the external

By 1980, inflation was accelerating and the external deficits widening. In addition, the cost of servicing the external debt rose rapidly in line with the upward trend minternational interest rates.

The Government's response has been to take measures to dampen demand, cut imports and investments, and try to boost profils and exports. These policies, latterly carried out as part of an INF programme, have been only partly successful.

Although the current account deficit has been considerably reduced (there is a projected hard currency deficit of only \$500m this year) inflation to again on an upward path after a fell in the rate of growth of consumer prices in the first half of 1982.

Industrial production is stagnant. Unemployment has been at a fairly high level, though stable, but looks set to rise in 1954. Agriculture is an exception to the generally bleak picture.

Real wages have fallen for three years running, but investments have not been brought effectively under control. Imports have been cut, but not always in the areas most desirable for the economy, leading to shortages of raw materials.

Part of the problem is insufficient control by central government of the allocation of resources and investment in relation to the powers of the individual republics.

Recession in the OECD area, and more recently, cutbacks in the Opec countries, have meant a fall in workers' remittances, and an overall decline in net invisibles receipts for the first time since the 1950s.

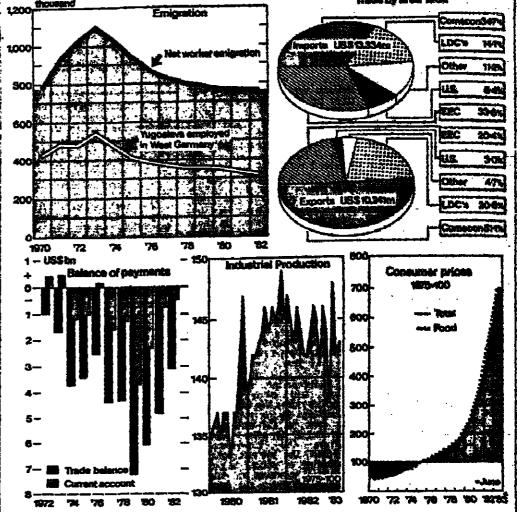
S BILLION

Effectively un

Real wares
Ware costs per
of output

Despite the rescheduling of Yugoslaria's debt with the commercial banks in September, which included aid from the ISIF and World Bank, Yugoslaria will still need aid to meet its repayment obligations in 1954.

	EAU	HANGEHALL		
inar-U.S.S	1980	1987	1982	1963
ANUARY	19.86	23.48	43.65	67.73
EBRUARY	20 59	30.44	44.19	73.26
IAHCH	29.31	31.57	46 12	77.43
PRIL	20.81	32.92	6.6	81.14
IAY	21.00	33.40	45 00	84.86
UNE	27.40	33.94	48 17	89.2T
ULY	27.34	34.92	49.52	98.30
UGUST	27.45	29 13	50.26	102 49
EPTEMBER	27.96	33.33	52.23	706.13
CTOBSR	28.43	38.72	63.79	110.89
OVEMBER	28.95	39.12	63.60	
ECEMBER	29.30	41.82	62.49	



TRADE, NET USEM

1973	4.75	4.00	1.0		119	
1975	6.50	5,75	7.2	5	19_	
1977		8.50	1.50		19	
1978 1		0.75	7.75		78	
1979 1	5.00 1	3.75	2.7	5	20	
1980 1	9.75 1	7.25	3.50		20	
1981 2	0,00 1	1.25	4.0)	21	
1982 2	0.00 1	T.25	4.00)	24	
			_	50	H.C. (ŒĈĐ
LABOUR INDE	CAYORS			·/		
LABOUR INDH	0000			chang		
LABOUR INDI			1979	chang 1800	9% 1981	1962
LABOUR INDH	000e end 1962	1974		chang 1900 1.3		1962
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Total tabour for Employment:	000e end 1962 ce 11,308	1976 1,4 4.6	1378	1300	1381	1,2
Total inbour for Employment: Outside agric	000e end 1962 ce 11,308	1976 1,4 4.6 -2.2	1378	1.3 1.3 3.3 -1.3	1,2	7,2
Total inhour for Employment: Outside agric in agriculture	000e end 1952 ce 17,308 c 5.360	1976 1,4 4.6 -2.2 -3.1	1979 1.3 4.2 2.1	1.3 1.3 3.3 -1.3	1,2 1,2 2,9 -1,0	7,2 24 -05

d 560 5.0 38 3.0 3.1 6.5

5.8 01 -7.5 -5.0 -2.4

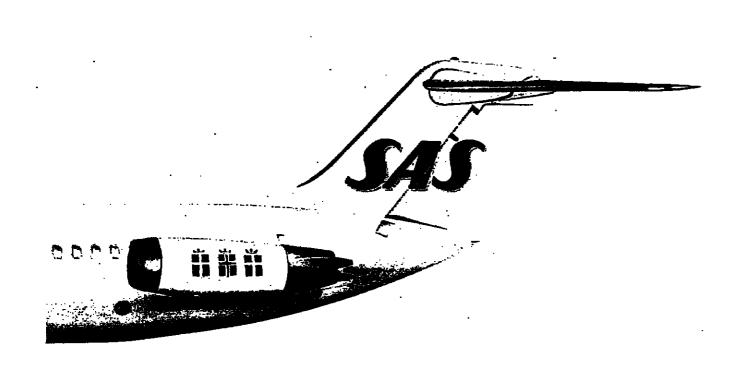
15.7 174 21.5 35.6 37.4

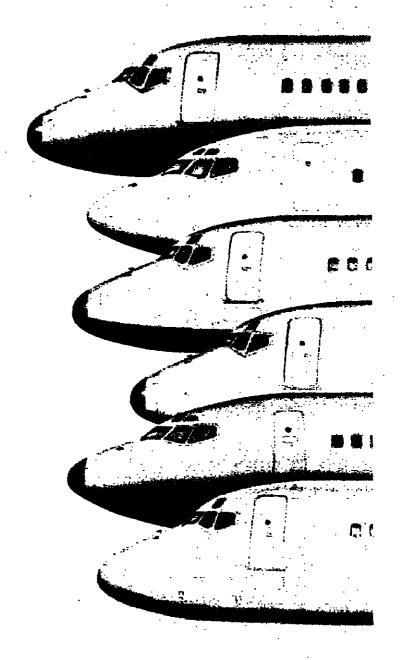
Source: ECE

	Yourism	Private trensfers & publicas' remittances	Service transfer mut
1974	644	1,379	2.534
78	305	1,316	2,622
'76	725	1,415	2 654
77	750	1,427	2,796
'A	830	1,746	3.051
79	1,028	1.710	3.504
'80 '81	2,515	1.576	1.796
-81	1,853	2,002	4,076
722	1.416	1,205	2,623
	S-Herroste, 15	change -	
EXPOR'	Exports Value Vo	ahange laip luma Vahae	orts Volume
EXPORT	Exports Value Vo 7.75 —	change into	Volume 15.00
EXPORT	Value Vo 7.75 — \$.00 —	change Using Using 1,000 \$ 75	orts Volume 15 00
EXPORT 1977 1978 1973	Exports Value Ve 7.75 - 8.00 - 18.00	change Value 120 30.75 1.00 2.75 2.50 34.50	0750 Volume 15.00 - 1.15
EXPORT	Value Vo 7.75 — \$.00 —	change Using Using 1,000 \$ 75	orts Volume 15 00

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit, charts and graphs by Financial Times Charts Department.

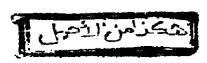
Source. UECD





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BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Nov 1-3 Blinds and Shutters '83 (Rick-mansworth (0923) 774262) St John's Rotel, Selibull

British Marine Trade Exhibition (Weybridge (0932) 54511)

UK Tax Congress and Exhibition -TAXFAIR (Horsham (0403) Cunard International Centre W6 Nov 6-10

International Domestic and Cantract Textiles Exhibition— DACTEX (01:572-2121) NEC, Birmingham

International Furniture Show (01-724 0851/2) NEC, Birmingham 8040)
Dec 5-8

Nov 9-10
The Northern Contract Flooring
Exhibition (01-236-0911)
Bolton
Bolton
Boton

OVERSEAS TRADE FAIRS Current

World Telecommunications Exhibition—TELCOM (CH-1218)
Grand Saconnex, Geneval until Geneva Pan-Arab Food Industry Exhibi-tion (01-636 5265) Sharjah, UAE

Hong Kong Machine Tools, Welding and Metal Fabrication Exhibition (Solihull (021-705 6707)

Kong Kat 2 Nov 8-12 International Maritime Exhibi-

tion—EUROPORT (01-228 2880)
Amsterdam Dec 5-10 Arab Home and Leisure Show (01-486 1951) Bahrain

Nov 18-13 The 1983 USM Event (Brentwood Essex (0277) 228452) Westminster Exhibition Centre

Nov 13-16 Times and Sunday Times Business to Business Exhibition (01-729 0677)

Nov 14-16

Belle Vue, Manchester Sandown Exhibition Centre, 58431/91 Harrogate Fast Food Fair (01-643 8040)

Compec Exhibition (01-643 8040)

Entertainment 83 (Eastbourne (0323) 37841) Nov 28-Dec 1 Health and Safety at Work

Exhibition (01-688 7788)
Wembley Conference Centre
Nov 30-Dec 4 World Travel Market (01-643 Olympia

Paris International Electronic Components Exhibition (01-439 Paris-Nord Exhibition Centre Nov 18-22 ArabBuild 'S4—fourth Middle

find out the status of their package East Building and Construction Show and Conference (01488 1951) Bahrain holidays. Nov 22-24 British Engineering Products and Services Exhibition (01-729 6077) Amsterdam

Euroship 83 Conference and Exhibition (01-481 8439)

that it would not admit Sir Fredoutlets, Arthur Sandles writes.

chures with any current holidays available." Sir Freddie was abroad

and not available for comment and

Mr Jones' statement was the closest

the company came to admitting

that it had ceased trading after a

Holders or potential customers of

weekend of rumour.

SKYTRAIN HOLIDAYS, the company set up last year by Sir Freddie Laker with the backing of Lonrho, the international conglomerate, has stopped selling package holidays. Sir Freddie launched the company after the collapse of Laker Airways, which went into liquidation with a shortfall to creditors of some Mr John Jones, general manager of the company, said yesterday that Skytrain Holidays had no bro-

UK NEWS

Laker halts sale of

Skytrain Holidays

Sir Freddie Laker

This week the British travel industry gathers again, in Palma, Majorca, and the latest incidents in the Laker story will get only passing notice. The industry has bigger worries these days.

The big package four companies, Skytrain Holidays were told to tele-phone the company this week to aspired to rejoin, are currently locked in a blood-letting price war making the stakes for any new and It was exactly a year ago that the ambitious entrant worryingly high. Association of British Travel Consumers, their confidence rocked Agents, meeting in Cannes, decided considerably by the Laker Airways collapse and today's general mood die's Skytrain Holidays to member-of economic uncertainty, have been ship and thus his tours could not be homing in on the big brand names sold through normal travel agency to the apparent concern of smaller

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND, OFFICIAL DEALINGS IN THE STOCKS ON THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON MONDAY, 31st OCTOBER, 1983

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 28th October 1983, and has issued to the Bank, additional amounts, as indicated, of each of the Stocks listed below:

£100 million 3 per cent TREASURY STOCK, 1986 £150 million 23 per cent EXCHEOLER STOCK, 1987

In each case, the amount issued on 28th October 1983 represents a further tranche of the relevant Stock, ranking in all respects pars passu with that Stock and subject to the terms and conditions of its prospectus, save as to the particulars theroin which related solely to the initial sale of the Stock. Copies of the prospectuses for the Stocks listed above, dated 27th February 1981 and 30th December 1982 respectively, may be obtained at the Bank of England, New Issues, Watting Street, London EC4M 9AA.

Application has been made to the Council of The Stock Exchange for each The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

3 per cent Treasury Stock, 1966
21, par cent Exchequer 24th February 1987
Stock, 1987

The further tranche of 2^{1}_{2} per cant Exchequer Stock. 1987 will rank for a full six months' interest on 24th February 1984. Dealings in the further tranche of 3 per cant Treasury Stock, 1986 for settlement prior to 19th November 1983 will, in common with the existing Stock, be effected on

LONDON

BASE LENDING RATES

Bank of Ireland

A.B.N. Bank 9 % # Hambros Bank ... Allied Irish Bank 9 Henry Ansbacher Arbuthnot Latham ... Armoo Trust Ltd. 9 %
Associates Cap. Corp. 91%
Banco de Bilbao 9 %
Bank Hapoalim BM ... 9 % Mallinhall Limited ... 9 % Edward Manson & Co, 101% Bank Leumi (UK) plc 9 Bank of Cyprus 9 % Bank of Scotland 9 % National Girobank ... National Westminster Norwich Gen. Tst. Banque Belge Ltd. ... 9 % Banque du Rhone 10 % Barclays Bank 9 %
Beneficial Trust Ltd.... 10 %
Bremar Holdings Ltd. 9 %
Brit. Bank of Mid. East 9 % Raphael & Sons ... S. Refson & Co. ... Roxburghe Guarantee Royal Trust Co. Canada Standard Chartered Trade Dev. Bank
TCB
Trustee Savings Bank United Bank of Kuwait United Mizzahi Bank...

BUSINESS AND MANAGEMENT CONFERENCES

Nov 1 IPS: Oil, gas and petrochemicals -Success in Exports Too! (Stamford (0780) 56777) Britannic House, EC2 Liffe: Financial in banks (01-623 0444) 100) Expansion through fran-

Nov 3-5 national policies for information city of Swansea: Cities in tran-Swansea (0792) 50821) Swansea Guildhall Nov 16

Monadnock: The one-minute design will affect your office (01-manager (01-262 2732) Brussels 637 8991) 66 Portland Place, W1 Tara Botel, W8

Standard Hall Associates: The FT Conference: World telecom-I'K economy in 1984 and 1985 munications (01-621 1355) (01-359 6054) Centre Point, WC1 Dec 1-2

Goodf-How Assoc: Canterbury 83
—business opportunities in the
energy industries (01.261 0403)

The Conterence: Venture capital
financial forum (01-621 1855)
InterContinental Hotel, W1

Dec 6-8 Canterbury

InterCentinental Hotel, WI

International Chemical Industries Exhibition—INTERCHIMIE Nov 13-15 Metal Bulletin: 4th international ferro-alloys conference (01-330

Nov 15-16 FT Conference: The second Thatcher Government (01-621 Inter-Continental Hotel, W1

Nov 15-17 Liffe: Financial futures for Strand Palace Hotel, WC2 chising (01-839 1233) Nov 16
116 Pall Mall, SW1 Chatham House: new inter-

Chatham House, SW1 Riba: How computer aided design will affect your office (01-

(GS Institute: Telecommunica-tions—the next 10 years (Windsur (07535) 58811) Henley Centre: Forecasts of leisure time activities and spend-ing (01-353 9961) Cumberland Hotel, W1

Royal Lancaster Hotel, W2 FT Conference: Venture capital

notice chance (Corby, Northants, 1953-631 4222)

Riong Kong

Hee 6-8

FT Conference: World banking in 1984 (01-62) 1355) InterContinental Hotel, W1

viene tenshing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Rusinessmen are invited to visit the station day). Ravel Key Salestrain this week, Newcastle (Friday). Ravel Key Salestrain and Mid 6.00 pm. (Monday), Edinburgh and Mid 6.00 pm. (Monday), Edinburgh and Mid 6.00 pm.

It cuts as easily through your company's travel costs as it does through the paperwork.

To call British Rail's new charge card, Travel Key, an essential aid to company travel is an understatement

For one thing, there are the valuable discounts.

5% off rail travel if you purchase a card before the end of this year (excluding season tickets). 25% off sleeper supplements. 10% off train restaurants. 10% off hotel accommodation. 15% off Godfrey Davis Europear National Tariff. Then there's the paperwork. Or rather, there isn't.

Your company receives just one statement per card each month.

One payment settles all.

And finally, if you wish to take advantage of them, there are a whole range of incentives for your executives.

Like two first class tickets for weekend rail travel for £300 spent.

All the way up to a Weekend Break in Paris or Amsterdam for two, for £1400 spent.

The cost of a Travel Key Card? Just £12.50 per annum for the first named card, with reductions on five or more.

Add all these benefits to the train's many business travel advantages, and you might as well forget about alternatives.

Rail Accredited travel agents accept the Travel Key Card for payment and have full details of the scheme; or just pick up the phone dial 100 and ask for Freephone 2799 (during normal office hours).



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Financial Times Conferences

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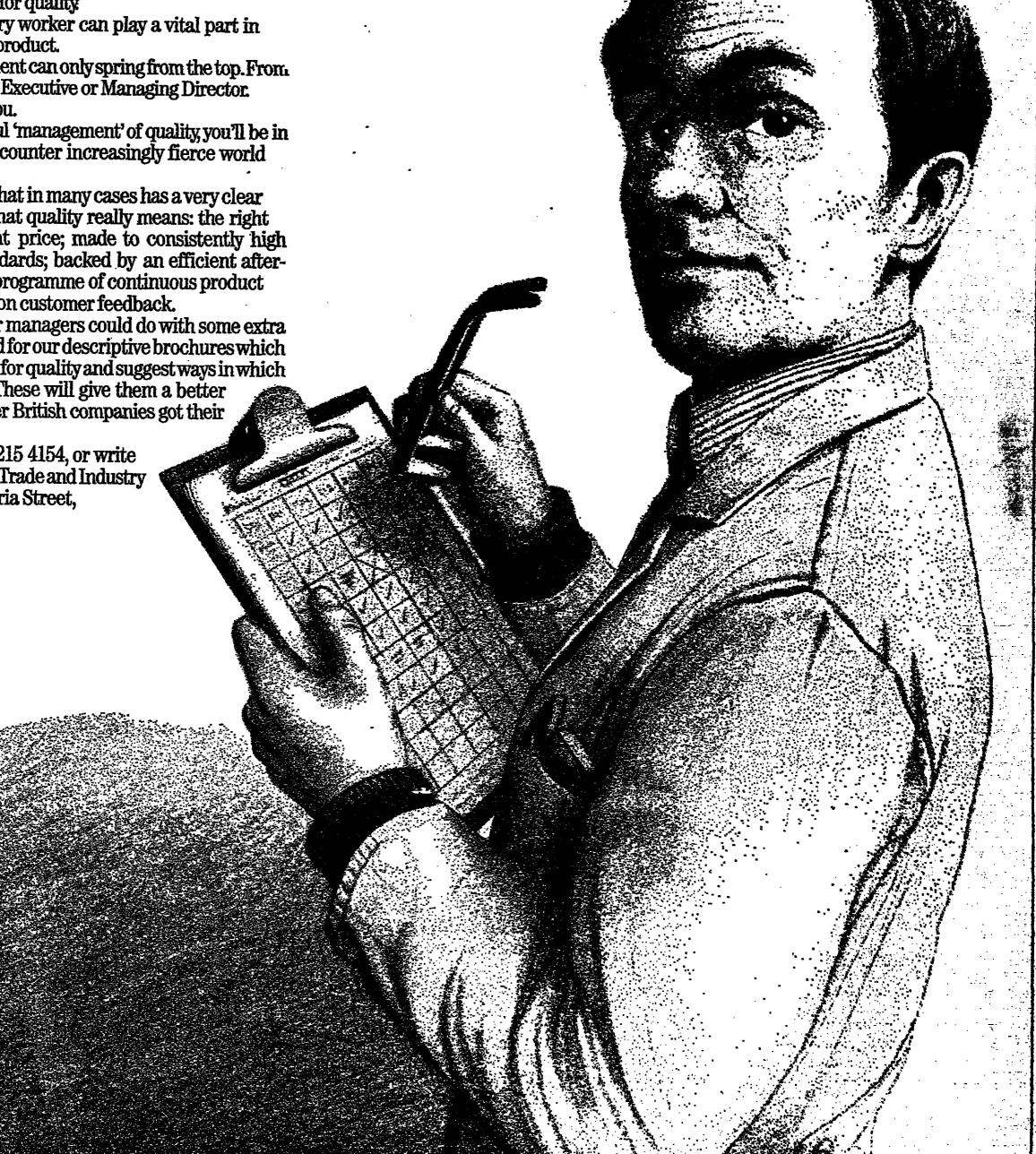
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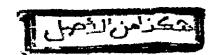
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Tebbit to press idea of 'flexible wages'

By Our Industrial Editor

THE GOVERNMENT has given a strong indication that it will act to lower wages in regions of high unemployment in an effort to

create more jobs.

A confidential paper from Mr.
Norman Tebbit, Trade and Industry Secretary, to a meeting this week of the National Economic Development Committee nomic Development Council (NEDC) claims that wage levels which are incompatible with the demand for labour create unemployment and that "wage flexibility ... could and should be in-

However, Mr Tebbit's docu ment, the first he will present to the NEDC, does point up the likely directions to be taken.

Employment is recognised as the key issue in regional policy. The paper says that a policy's "main aim must be to reduce regional disparities in employment opportunities by improving the performance of the regional economies, without causing net harm to that of the national economy or merely transferring problems at the taxpapers' ex-

The need to "adjust" pay in the depressed regions is placed firmly within this context.

Worries grow over Nissan car plant plan

A view which is gaining weight is an assembly operation for 50,000 that the Japanese group hopes to be cars a year, with a European conable to drop the scheme without any loss of face. It would be able to Only if European market condiput the blame for the breakdown in tions proved favourable would Nisnegotiations on the UK Govern-

However, indications from Whitehall are that negotiations are heading in the right direction, although they have not yet reached the final

without bringing some discredit on itself in view of the hopes it raised stages because there would be nothin Britain when it announced a ing in the scheme for Britain's long ago as January 1981.

At that time Nissan said it wanted a plant capable of producing 200,000 cars a year, plus an engine manufacturing facility. The cost was estimated at about £200m.

The Japanese group said that up to 5,000 jobs would be created at the plant, which it wanted to come on

FEARS ARE growing within the lit agreed to start with a 60 per UK motor components industry cent European content in the cars that Nissan of Japan has scaled and to lift this as quickly as possible down its proposals for a car plant in to 80 per cent. The UK Government Britain to such an extent that they had insisted on these terms. It is will not be acceptable to the British now understood, however, that Nissan is proposing to start with purely

> Only if European market condi san increase output and local content to 200,000 and 80 per cent by the end of the 1980s.

The UK Government would fund 35 to 50 per cent of the project through various grants and might It was also being pointed out that not believe the money well spent Nissan could not drop the venture for the 1,000 to 1,500 jobs which would be created in the initial feasibility study for the project as hard-pressed component manufac

> So, the severe pruning of the UK project necessary to win the grudging approval of Nissan's chairman, Mr Katsuji Kawamata – who dropped his opposition a week ago might well cause the UK Govern ment to back away.

Volve UK profit, Page 12

Shore may take dual shadow post

BY MARGARET VAN HATTEM, PARLIAMENTARY CORRESPONDENT

MR NEIL KINNOCK, the Labour leader, appears to have overcome the main obstacle in forming his Shadow Cabinet by persuading Mr Peter Shore to accept the combined pesus of trade and industry spokesman, as "shadow" to Mr Norman Tebbit, and shadow Leader of the

That opens the way for him to appoint Mr Roy Hattersley as Shadow ment.

Chancellor and Mr Gerald Kauf-

man to the home affairs portfolio. Other shadow appointments, due to be announced later today, are expected to include Mr Denis Healey, foreign affairs; Mr John Smith, em-

ployment; Mr John Silkin, defence;

Mr Kinnock appears to have succeeded in his first principal task: to allocate jobs without provoking public row or resignations. But the appointments are bound to provoke

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JAPAN AIR LINES

Plea in CBI for policies of recovery

BY JOHN LLOYD, INDUSTRIAL EDITOR

government economic policies will his members appear to feel over surface next week among Britain's present government policy.

Attacks on the handling of the economy and demands for increased public investment - espe-cially in capital projects - will be heard in resolutions at the Confederation of British Industry's (CBI) annual conference in Glasgow

Sir Terence Beckett, the CBI's director general, is expected to shape these into a plea for more coherent medium-term and long-term objec-

UNUSUALLY SHARP criticism of tives, and to mirror the confusion comes from the CBI's West Wales

ference, indicates that this CBI annual forum, its seventh, is beginning to take on aspects of a real policy-making occasion. The tone of many of the resolutions makes it clear that it will also be a further source of criticism for a Government which presently has more than its share of critics.

Interest being shown in the con-

area committee, which is "appalled that after four years in office, the Government has done little to encourage economic recovery and urges it to introduce policies to help industry by stimulating real

The CBI's Avon committee is only marginally less harsh when it criticises the Government's "essentially monetarist" policies for "inhibiting the process of wealth creation." Like other CBI councils and compa-nies, Avon calls for greater "flexibil-

ity" in industrial, financial and fis- unfair imports, while the Footwear

on the Government "to pursue the long-term objective that manufac- lower interest rates and perhaps turing becomes a more profitable permit some overshooting of moneand attractive investment," while tary targets if the recovery ap-the CBI's economic and financial peared to be faltering, Mr Gordon policy committee asks the Government to "give greater emphasis to seeking ways to stimulate demand

without increasing inflation." in The Director, the main Inroads made by importers attract resolutions which urge the Government to police excessive or in The Director, the main the Institute of Directors.

London Business Sc forecast, Page 11

Manufacturers' Federation calls on The West Midlands council calls the rules of free trade to change. Pepper, the economist and stock-broker with the broking firm, Greenwells, says in an article today in The Director, the magazine of

> London Business School forecast, Page 11

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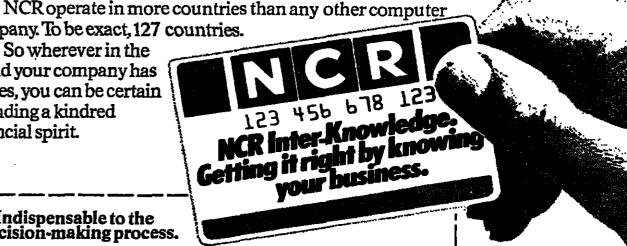
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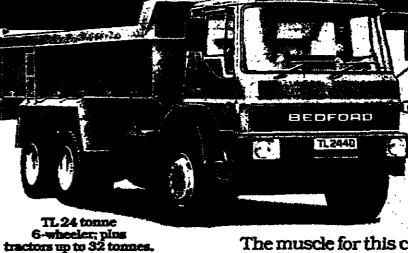
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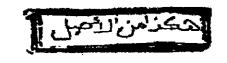
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UK NEWS

inflation rate forecast touch 5% low point

y at a rate of about 2 to 25 nt a year for the next two is forecast by the London ss School's (LBS) Centre for mic Forecasting in its lutest published today.

eests that the inflation rate, asured by the annual percenhange in consumer prices. ach a low point of 5 per cent last three months of this

sumer price index gives a hat different picture of inflam the more widely known ude the effect of mortgage payments. However, it is red by some economists to better picture of the underlysure of inflation.

next year onwards the busihool expects a steady but rise in the inflation rate to al rate of 6% per cent in the half of 1985 and 7% per cent

London Business School expects a steady rise in economic activity. Max Wilkinson reports

The annual rate of growth of average earnings in manufacturing is expected to fall to just under 6.9 per cent by the end of this year, with a further slight fall to 6.3 per cent by the end of next year. After that, however, the rate is expected to rise, reaching a plateau of 7% per cent in 1986 and 1987.

earnings is forecast to be offset by further productivity gains in manu-

towards the end of the forecasting

The large increase in manufac turing productivity this year and next is expected to enable manufacturers to hold down the rise in wage costs as a proportion of their output to very low figures. In 1983, the LBS expects the rise in labour costs per unit of output to be only 1.1 per cent with a rise of only 1.7 per cent next year and 2.9 per cent in 1985.

This boost to industrial com tiveness is expected to tail off in 1986, however, and by 1987 labour costs per unit of output are expected once more to be rising nearly as fast as prices generally.

The school says that the present recovery has depended very much on an increase in consumers' ex-On the other hand, the rise in penditure. This in turn is traced to the effect of a decelerating inflation rate, which it believes has infacturing industry after an im- creased consumers' confidence so provement of 5 per cent in 1982 and that they have reduced their net an expected increase of 6½ per cent savings and spent a higher propor-

hift in taxation burden urged

STANTIAL shift from direct yet taxation, a cut in the burtaxes and costs borne by inand a continuation of fight il policies are recommended London Business School as way to reduce unemploy-

ys large expansions of dein the economy in 1972-73 ain in 1978-79 had only a mioact on unemployment (ren by 250,000 in the first case 100,000 in the second). The gains in employment were

quickly dissipated as inflation rose strategy for cutting interest rates rapidly after each attempt to ex- and hoping that people will price pand the economy.

rise in unemployment was that all fall in unemployment during the of industry's major costs had risen at a faster rate than output.

faster than revenues, the article producers to consumers. Cuts in says: "To stay in business, manufacturers have had to reduce the cost element over which they had great- article adds. "The only realistic way est control, namely the number of of funding such a reduction is to inemployees.

themselves back into jobs will not An explanation for the long-term be enough to secure an adequate

term of the present Government.

A fiscal strategy would be needed Since inescapable costs had risen to shift the burden of taxes from duce taxes on companies, but the crease taxes on expenditure, prefer The Government is advised that a ably through value added tax."

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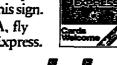
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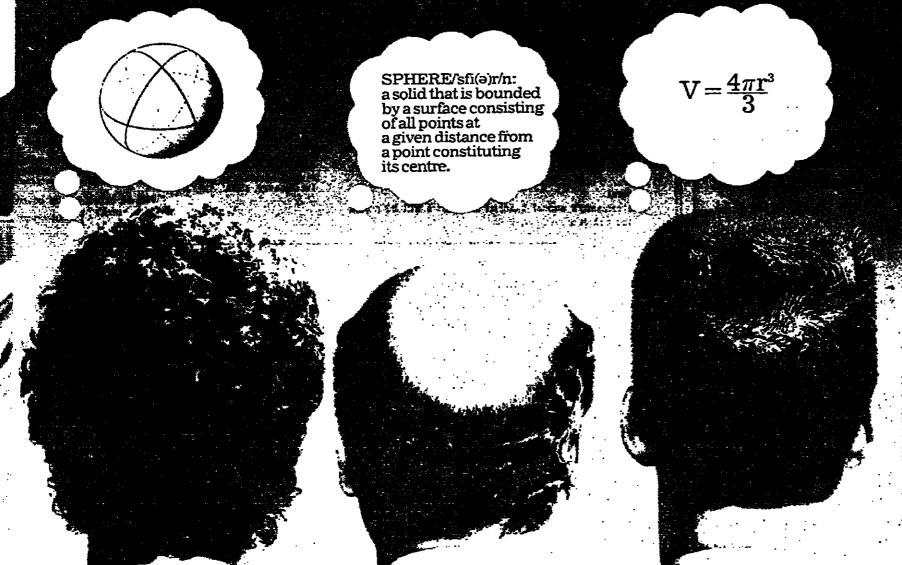
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Overseas visitors step up

spending

OVERSEAS visitors to Britain spent £3.12bn last year, compared with £2.97bn in 1981, according to the British Tourist Authority's

(BTA) latest figures.
Its Digest of Tourist Statistics underlines the growing importance of tourism from markets outside Europe and North America. In purticular, the number of visitors from Japan, the Middle East and Africa has shown the greatest percentage increase since 1976.

Visits from the Middle East have grown by 45 per cent during the past seven years to 573,000. While this represents only 5 per cent of the 11.6m total visits, spending by Middle East thurists accounts for a staggering 15 per cent of the total market. This makes them the secand largest spenders after U.S. vistors, who represent 18 per cent of tourist expenditure in the UK.

Britain continue to be popular with a record number of overseas visitors attracted in August. Depart ment of Trade and Industry figures show that 1.79m people visited the UK last August - 10 per cent up on the previous August.

Particularly attracted were Americans, whose visits increased ph. 40 bet ceur

The number of Britons travelling sbroad in the same month, however, showed a decline for the first time in more than four years. The number of UK residents to

visit North America fell by 27 per cent and trips anywhere abroad fell by 4 per cent to 3.14m. Britain's travel account is still in the red, but the delicit for August shrank from Eli5m to El00m. Visitors to the UK spent E515m, 11 per cent more than in the previous Aurust. Britons spent C615m overseas,

5 per cent increase. According to the BTA, 14.37m Britons traveiled abroad in 1982 end spent £3.65ba.

The Department of Trade and Industry figures for the first eight months of this year show that oversees visitors spent C2.454bn in the UK, a 15 per cent rise on the comparable period.

Volvo ends two years of losses in Britain

BY KENNETH GOODING, MOTOR BIDUSTRY CORRESPONDENT

duced a net profit of \$3.387m. compared with a loss of £1,368m in 1981.

As a result, the British company was able to pay its Swedish purent group a dividend of £1.75m for 1962. There was no payment the previous

Volvo Trucks (GB) not only operates as an importer of the group's commercial vehicles, but also has six wholly owned distribution companies and an assembly plant in Irvane, Scotland.

Turnover of the combined opera-tions rose from £86.4m to £115.93m last year.

The Irvine plant built 1,276 trucks in 1982, of which 280 were exported. Production of buses at the facility

Reed agrees deal on shorter week

By John Lloyd,

REED CORRUGATED CASES (RCC), a member of the Reed International Group, has conceded a claim for a 35-hour working week for its manual workers, a cut of five

The deal is seen as a major breakthrough by the unions, at a time when they are pressing hard for a reduction in hours as part of a Trades Union Congress campaign aimed at reducing unemployment.

It appears to be among the first, if not the first deal of its kind outside the heavily capital-intensive oil and chemical industry. A 35-hour week was conceded early this year to some 5,000 workers at Metal Box - but only after agreement had been reached on continuous shift working.

Reed says the reduction will not affect other companies in the group, as RCC is the only member which bargains nationally and all companies enjoy complete autonomy

At the end of last year the company decided to spend a further £348,000 at Irvine to provide addi-

called Citibus. Volvo employs 450 on the Irvine site and 238 at its own distributorships. There are 23 distribution outlets for Volvo trucks in Britain, as well as some parts and service dealerships. Last year the dealerships were increased from 18 to 24.

Britain was Volvo's second bug-France - the top market - with week,

TOLVO'S subsidiary in Britain totalled 198 units, of which 100 were sales of 3,500 (3,400), but ahead of moved back into the black in 1982 exported to Indonesia as part of a Sweden with 2,200 (2,650) volvo's share of the UK market

for trucks over 3.5 tonnes grow weight improved from 5.8 to 7.9 pm cent last year, and it maintained its leading position in the heaviest sec. tional facilities for the production of tor - tractor units over 28.45 tonnes a new double-deck bus chases, - with 21.2 per cent (187 per cent in

So far this year its sales have insproved again, from 2,619 to 2,934 by the end of September, pushing up its share of the over-3.5 tonnes see tor marginally, to 8 per cent.

The executive of the Amalgama. ed Union of Engineering Workers u. expected to consider tomorrow a request to make official a pay dispute gest market last year. Registrations which has stopped production at reached 3,430 (up from 2,540) to leave the UK only slightly behind site in Green, Cheshire, for the past

ROOSEVELT AND CHURCHILL: ATALE OF TWO MARTINIS.

Concerning affairs of state, these two great statesmen were frequently of a single mind. But in the mixing of dry martinis, there was a

parting of the ways, FDR enjoyed his dry martini in the then traditional manner: two parts gin to one part vermouth. Sir-Winston, his friend and ally acknowledged the traditional

role of vermouth merely by glancing at the vermouth hand at the vermouth bottle as he poured History would appear to be on Churchill's side. Which is not surprising. After all, who knows more about gin than the English?



This announcement appears as a matter of record only.



BANQUE FRANÇAISE DU COMMERCE EXTÉRIEUR

¥20,000,000,000

7.8% Guaranteed Yen Bonds No. 4 (1983)

The Republic of France

Daiwa Securities Co. Ltd.

The Nomura Securities Co., Ltd. The Nikko Securities Co., Ltd. Yamaichi Securities Company,

The Nippon Kangyo Kakumaru Securities Co., Ltd. Sanyo Securities Co., Ltd. Merrill Lynch Securities Company, Osakaya Securities Co., Ltd. Yamatane Securities Co., Ltd. Bache Securities (Japan) Ltd., Marusan Securities Co., Ltd.

The Kaisei Securities Co., Ltd. Mito Securities Co., Ltd. The Toko Securities Co., Ltd. Utsumiya Securities Co., Ltd. The Chiyoda Securities Co., Ltd. The Nippon Securities Co., Ltd. Jardine Fleming (Securities) Ltd.,

Banque Nationale de Paris Credit Suisse First Boston Limited Manufacturers Hanover Limited Société Générale de Banque S.A.

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Okasan Securities Co., Ltd. Tokyo Securities Co., Ltd. Smith Barney, Harris Upham International Incorporated, Toyo Securities Co., Ltd.

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Daifuku Securities Co., Ltd. Chuo Securities Co., Ltd.

Caisse des Dépôts et Consignations

Crédit Lyonnais Dresdner Bank Aktiengesellschaft

Morgan Grenfell & Co. Limited

S. G. Warburg & Co. Ltd.

Société Générale

Transvaal Consolidated Land and Exploration Company, Limited

(Incorporated in the Republic of South Africa) A Member of the Barlow Rand Group

PROFIT STATEMENT, BALANCE SHEET AND FINAL DIVIDEND DECLARATION FOR THE YEAR ENDED 30TH SEPTEMBER, 1983

The audited consolidated results of the company and its subsidiaries for the year ended 30th Soptember, 1983, are given below, together with the results for the preceding year:

INCOME STATEMENT

Interest of members

30th Sept., 1982 R000's R000's 423 820 Turnover Consolidated profit before taxa-126 664 53 857 12 987 5 053 Deferred 48 804 Consolidated profit after taxation Less: Outside shareholders' interests in profits of subsidiary companies 18 460

Shares in issue 11 210 756 No. 87 (interim) of 75 cents No. 88 (final) of 205 cents

 Calculated on a weighted average number of 10 565 756 shares in issue. Earnings per share based on 11 210 756 shares in issue at 30th September were 737 cents.

Final Dividend No. 88 A final dividend of 205 cents per share has been declared.

The company's annual financial statements will be posted at the end of November, 1983.

54 347

8 630 756

82 662

BALANCE SHEET at 38th September 1983 1982 **R000**'s R000's Source capital
Share capital and reserves
Interest of outside shareholders
in subsidiaries 249 345 389 941 56 167 61 346 305 512 Long term loans and liabilities ...
Deferred taxation 152 799 161 736 212 742 620 047 775 295 Employment of capital 589 788 80 716 115 564 150 900 124 226 Investments 39 953 -59 583 16 028 Stores and stocks 81 920 Total assets Current liabilities 116 021 14 888 95 080 Creditors 126 (28 553 5 500 Shareholders for Dividends 6 031 620 047

The balance sheet reflects improvements in various ratins which arise mainly from the acquisition of the mining related business of Rand Mines, Limited with effect from 1st January, 1983. For and on behalf of the board

R. S. Lawrence (Chairman) D. T. Watt (Deputy Chairman)

DECLARATION OF DIVIDEND NO. 88

Notice is hereby given that Dividend No. 88 of 205 cents per share has been declared in South African currency, as a final dividend in respect of the year ended 30th September, 1983, payable to members registered in the books of the company at the close of lusiness on 25th November, 1983 and 10 persons presenting the approximate courses. (No. 2011 developed from a shirter parameter.) priate coupon (No. 89) detached from a share warrant to bearer. The dividend on a share warrant to bearer will be paid in terms of a further notice to be published by the company's London Secretaries on 2nd December, 1983. The register of members will be closed from 26th November to 4th December, 1983, inclusive, and dividend warrants will be posted on or about 3rd January, 1984. The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by

15th Floor 63 Fox Street Johannesburg 2001 (P.O. Box 62370, Marshalltown, 2107) Offices in the United Kingdom: Charter Consolidated P.L.C. 40 Holborn Vizduct

Registered Office:

Lundon ECIP 1AJ

the United Kingdom Registrars and Transfer Agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 28th November, 1983 on which foreign currency dealings, are transacted. Where applicable. South African non-resident shareholders'

tax of 15% will be deducted from the dividend. The full conditions of payment of this dividend may be inspected at or obtained from the offices of the company in Johannesburg or in the United Kingdom. Re order of the beard RAND MINES (MINING & SERVICES) LIMITED Secretaries

per V. M. MURTON United Kingdom Registrars and Transfer Agents:

Charter Consolidated P.L.C. P.O. Box 102 Charter House, Park Street Ashford, Kent TN24 SEQ

28th October, 1983

TECHNOLOGY

ATHENS SOLAR POWER CONFERENCE SHOWS STRIDES IN TECHNOLOGY

Sun power industry dawns

BY MARK NEWHAM

FIVE TIMES now over the past six years the EEC has organised a major international solar photovoltaic energy talking shop and exhibition. In each case the dividing line between technology and business has progressively weakened to the point at which one could hardly tell one from the other at the latest EEC photovoltaies con-ference which ended in Athens

In the early days of photovoltaic commercialisation, from the early to mid-1970s, anyone backing this embryonic indus-try with bard cash was thought either a fool or a visionary as few understood the technologies being developed and little ex-perience of fully-operational equipment was available.

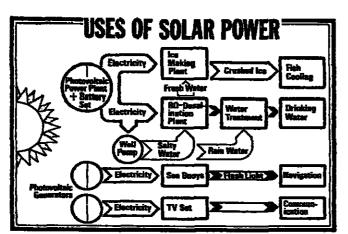
Today, things are very dif-ferent with technocrats and entrepreneurs having learned the rudiments of each other's language and with up to five years of experience of operating photovoltaic systems.

The point was especially em-

In the early days of photovoltaic commercialisation anyone backing this embryonic industry was either a fool or a visionary.

phasised by U.S. and European companies and government agencies alike at the Athens conference who estimate that The plant—which features over 20MW of photovoltaic 108 photovoltaic arrays modules and arrays are now installed throughout the world. These generate electricity for local use or for national grid networks. Today photovoltaic

Over the past 10 years, according to Wolfgang Palz, who heads the European Commission's photovoltaics gramme, the annually-installed capacity of photovoltaic arrays has multiplied one thousand-fold from the 10 kW figure of 1973 to 10 MK this year. Despite cut-backs in government spend-ing on this sector over the past



Solar power applications for a West German photovoltaic energy project in Indonesia

field appearing in the U.S. in light on the modules will inparticular.
This interest in photovoltaics

by finance houses has come partly as a result of persuasion tactics by industry itself, and, partly from the technological and operational experience of photovoltaic systems now available to technology investment

Three papers at the Athens conference gave an indication of how the level of experience with operating systems has grown. Two were from the BDM Corporation of Albuquerque, New Mexico. It has acted as prime contractor on a number of photovoltaic power installations in the U.S. including the 1 MW capacity plant near Victorville, California, online since February this year.

mounted on frames capable of tracking the sun's path in both east-west and north-south directions—is owned and operated by Areo Solar, a subsidiary of array sales are running at about oil major Atlantic Richfield.
U.S.\$100 million a year and rising rapidly.

Over the past 10 years, according to Wolfgang Palz, who heads the European Com-

Eight months of operating experience has resulted in over 200,000 MWh of generated power. Arco Solar has been able to produce sufficient performance data to update the photovoltaic modules used and in concerns interested in the to direct otherwise unused sun- of the equipment on assembly

crease electrical output by

Armed with this knowledge, the company has started work on the first phase of a 16.5 MW plant at Carrisa Plain, Cali-fornia, in which a field of arrays generating 6Mw is being installed to come on-line by March 1984 supplying power to the grid of the Pacific Gas and Smaller-scale operating experi-

ence was outlined by Wayne Kauffman of the BDM Corpora-tion, who has studied in detail the performance of five photo-voltaic installations as well as the Arco 1 MW plant. Kauffman said his studies of the five said his studies of the five installations—a 240 kw photovoltaic/thermal hybrid system at the Mississippi County Community College; a 50 kW system on the BDM Corporation's office roof; a 40 kW array at the McClellan air force base; a 4.7 kW system at the Southwest Photocoltaic's Residential Proto-Photovoltaic's Residential Proto-type Station in Las Cruces, New Mexico; and a 1 kW assembly on the roof of the Taiwan Energy Research Laboratory in Taipei—yielded essential infor-mation without which future photovoltaic installations would not be improved and refined.

Uppermost in a vast line of modifications required for future installations was the need for greater thought at the design and planning stage to confirm theoretical studies relating to module orientation two years, the growth trend is that the inclusion of reflectors and site considerations and the steady with third party financion either side of the modules need to fully educate the user

maintenance and operation. In the third major paper on operating experience, a team of researchers from the Arabian National Centre for Science and Technology in Riyadh, Saudi Arabia, dwelt on problems encountered and overcome during the two years of operation of a 350kW concentrating photo-voltaic generator located in a remote part of Saudi Arabia to supply electricity to three local villages. Extensive system breakdown during the operat-ing period was blamed mainly on faulty connections on 48 per cent of the cells used in the generator's modules.

These have now been repaired and the research team is confident that most of the faults have been corrected. The know ledge gained in operating this system has provided the re-searchers with information essential in the design of future photovolatic generators for the

Summing up the USA's ex-

Interest in photovoltaics has come partly as a result of persuasion tactics by industry itself and partly from experience of systems now available to technology

investment analysts

perience with photovoltaic arrays, Jack Stone of the Solar Energy Research Institute said that since the U.S. Government started funding photovoltaics research and development in 1977, over 11.000 modules have been installed and only 4 per cent of these have failed electrically. Of these failures, 50 per cent were due to cracked cells; 32 per cent were due to broken interconnections; 13 per cent were caused by shorts to ground; and 5 per cent were due to soldering problems. About 75 per cent of failures, Stone concluded, were a result of flaws in cells and modules caused during manufacture at the factory and the incidence of factory-induced failures would decline rapidly with manufacturing experience.

RAILWAYS EXPERIMENT IN WEST GERMANY

Magnetic levitation

BY GEOFFREY CHARLISH

NEXT TO the Ems Side Canal between Dorpen and Lathen in West Germany, engineers are putting the finishing touches to the first section of an experimental magnetic levitation "railway" on which the Federal Ministry of Research and Technology and Messerschmitt Bolkow Blohm plan to run trains at 300 kph (187 mph) before the year is out.

The construction of this first 21 km section, including a trials centre at the southern end and the test vehicle, have cost about DM 460m. This sum also includes the cost of five special vehicles that will lay the stator windings on the "track" and test it

Known as Transrapid 06, the system uses the so-called "long stator" drive in which the electromagnets governing both hovering and forward drive are accommodated outside the wehicle, in the track-rather in the manner of the original linear motor invented by Pro-

fessor Laithwaite in the UK There have been considerable problems to overcome in terms in

bearing and control magnetic high. Since it has no drive fields. However, the technique elements, propulsion being has the advantage that no overhead wires or trackside busbars are needed to take traction currents into the vehicle itself.

The track, made of ferro-concrete and set on pylons 3.8 metres off the ground, takes the form of a "V" with a flat roof. The horizontal edges of the roof platform are spanned by the undercarriage of the vehicle in horizontal "U" forma-tions and the lower parts of the fixed platform carry the stator coils. These react with magnets suspended below the "hover-carriage" so as to both raise and propel it forward.

Complicated complicated sensor con-trolled governor circuits adjust an air gap of 10 mm between the stator windings and the hover carriage magnets sus-pended below. The vehicle is also guided laterally, without contact, by a separate system of guide magnets.

The vehicle is 54 metres long systeme, Postia two identical sections D-8000, Munich.

of controlling the running, 3.7 metres wide and 3.8 metres elements, propulsion being effected by the windings along the track, the interior space can be used to the best advantage. With rows of five adjacent seats 190 passengers can be accommodated. The weight is 122 tonnes

EDITED BY ALAN CANE

It is claimed that the energy consumption per person per kilometre will be about that of a private car-a little higher than for a conventional train.

But there could be dramatic reductions of journey times and the system would offer a high level of passenger comfort.

There is a prospect that the Transrapid 06 will be used on a proposed link between Las Vegas and Los Angeles in the U.S. The journey time would be an hour and 25 minutes which could be competitive with both the airlines and any possible more conventional rail link. More from Messerschmitt Bolkow Blohm, Neue Verkehrssysteme, Postfach 80 12 65, 1200 Minish

SATELLITE REMOTE SENSING

Hunting for minerals

BY ELAINE WILLIAMS

year it carried an experimental radar for scanning the earth. The hope is that by the end of the decade exploration companies such as oil and mineral groups may find this a useful tool in uncovering so far unterpred essentes. tapped resources.

Though it is already possible to use aircraft radar for exploration, a radar-carrying shuttle could cut dramatically the cost of gathering radar images.

One of the companies which is deeply involved in all forms of remote sensing data from both satellites and aircraft is Hunting Geology and Geophysics, part of the Hunting Group, based in Borehamwood in the UK. It was joint official observer with the Royal Aircraft Establishment at Farn-borough during the Columbia

Hunting has been involved

DURING ONE of the Space also with the use of aircraft directly at the Earth's surface. Shuttle Columbia's flights last borne radar so that it can gain so most satellite dain techniques experience with satellite sys-tems when they become more widespread. At present most satellite scanning systems rely on optical techniques rather than radar which require dif-ferent interpretation methods,

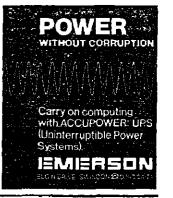
Hunting was one of the first companies in the UK to use satellite sensing data as an in-itial step in oil and mineral exploration, land and resource mapping. It was involved with data interpretation for the first Landsat satellites which are the main earth resources satellites. Today it uses satellite data for almost every aspect of its

Remote sensing images reveal very little to the unpractised eye. Experienced geologists re to make deductions about conditions below ground on the basis of surface images. For exchance of detecting petroleum

as geological mapping and structural analysis.

The most |widely available Landsat data comes from the craft's multispectral scanner. This scans the earth with an oscillating optical system. The light received is split by prisms, passed through four different optical filters and converted into electronic signals. These are then transmitted directly to earth, or if the satellite is not within range of a receiving station, recorded on magnetic tape for later transmission.

The data received are converted from electronic signals to photographic images and computer compatible tapes. Companies such as Hunting then correct the data for distortions produced by the satellite, and combine the signals to form a composite picture,



BOOK REVIEW How to be a computer

FOR MOST of us who regard computers with a little fear and a great deal of suspicion, at last comes a book aimed at people who know nothing about com-puters and would like to have left it that way.

With these comforting words emblazened on the front cover, Stephen Castell's book, Com-puter Bluff, gives the computer-ignorant indispensible jargon to

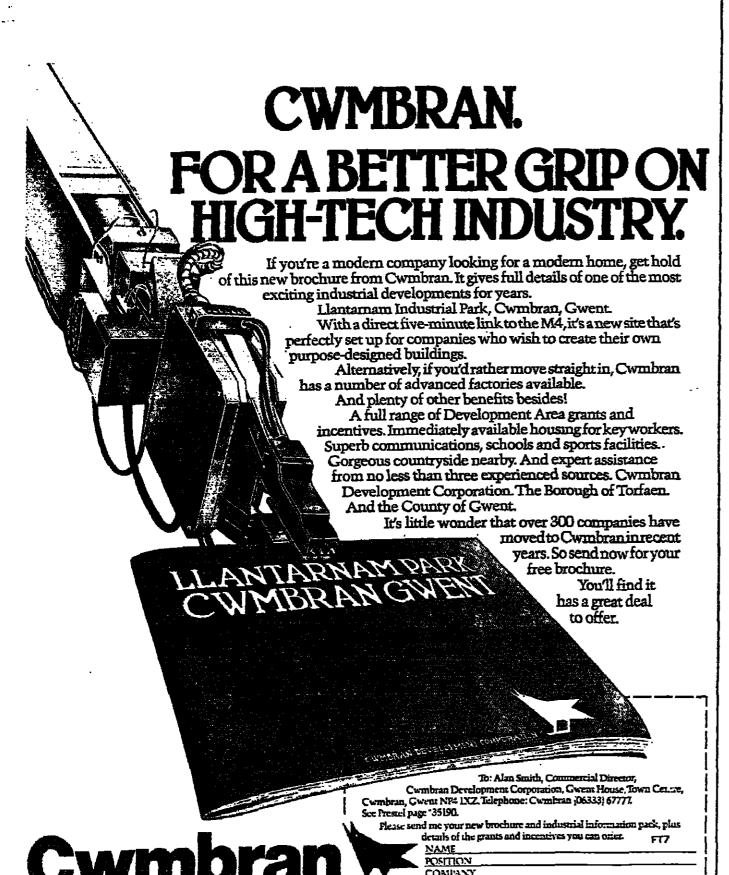
pass one off as an expert at any dinner party.

Though very light-hearted in its approach the book manages to put over the principles of computing in a very simple but understandable way. It rushes quickly through the history, the theory and the applications of the dreadful machines, illu-strated throughout by small

In a similar vein Michael Crichton, author of the Andromeda Strain, has written "Electronic Life" which tries to convince people that living with the computer is bearable and should be enjoyable. It tries to any be enjoyable. It tries to put over several important points to remember about the infernal machines, some of which are that people are more important than computers; much of what we believe about computers is wrong; it is easy to use a com-puter; this is fortunate because everybody's going to have to learn; it is not so easy to use a computer wisely; computers can actually be a lot of fun; there are people who want to put a stop to that.

Laid out in a dictionary form the book covers everything from applications to Zenith; the final days of man before the machine takes over? Crichton litters the book with statements which attempt to be profound. For example, he states: "People are people. Machines are machines. Only a fool confuses them."

The Which Computer Book of Computer Bluff, Quartermaine House Ltd. Electronic Life published by Heineman, £7.95



Business succeeds our way.



Christopher Lorenz starts an occasional series on corporate identity

More than just a pretty face

WHAT'S IN a new corporate identity? Just a glossler face to show the world, with maybe a jazzier logo to go on the company's notepaper, buildthing of substance, that really communicate employees and customers alike that its strategy or even its character has undergone a radical transformation?

these days, as companies jostle to differentiate themselves from each other in the market-and as some of them actually rethink their role in life. Blood is being spilled in a growing number of boardrooms about what would appear the most attractive for the corporation.

Some corporate identity programmes are very expensive, others quite cheap. Some touch on the very roots

The revolution at SAS

of corporate strategy and culture, others seem only skin deep. Some are launched to help initiate strategic change within the company, others to reinforce changes that had already taken place. Some are smash hits, others embarrassing failures. Over the next few weeks we will

The first article examines

be examining several contrast-

paign launched by SAS, the flag-bearing Scandinavian airline, to ram home the revolution it has undergone in the last two years. In 1981 it was on a downward spiral, plunging deeper and deeper into the red thanks to its dreadful reputation (for service and punctuality), its loss of staff morale and a consequent slump in market share. Yet its service and time-

keeping are now second to

to be "The Businessman's Airline"—and as a resuk its full-fare traffic and profits are booming. All this at a time when the world airline industry is still suffering from nearzero growth and a veritable financial bacmorrhage. The key factor behind the

SAS revival has been the arrival of new management approach to the business. In

place of the technical, produc tion-orientated attitude which used to underpin almost all the company's actions has come an almost evangelistic dedication to putting customer service above all else. It is service above all else. It is this totally marketing-graved approach which the strikt-ness of the new SAS livery and logo in gleaning white, with diagonal red, yellow and blue stripe, is intended some-how to reflect.

ACTADIANATES.

Jan Carizon: " An airline's only real asset is a satisfied custo

BY RIGHTS, Jan Carizon's glamour should be fading a bit before tax in 1982-83. To cut short a very long and by now. Over the last year and a quarter, starting with this newspaper in August 1982*, the complex story, this was achieved by: restructuring it-self into a leaner and more revolution this rugged, blond 41-year-old has wrought at SAS decentralised organisation; eliminating uneconomic or unsince he took over as chief executive, has been written-up promising routes and services (and selling-off four new Airin glowing terms in every respectable international business buses to allow more frequent non-stop flights by smaller, re-vamped old DC-9 aircraft); introducing high quality busi-ness class service (in Novem-ber 1001 under the admitted by publication, on both sides of the Atlantic. Can their (and our) business readers really still want to know more about him ber 1981, under the admittedly ungainly name of EuroClass) at Well, yes, it looks as if they

At a Management Centre the same price as competitors such as Lufthansa and Swissair charge normal economy-class passengers; and investing SKr

Europe seminar for senior executives in London last month, he was even more of a hit than the supposed star attraction, Peter Drucker, who at 74 is still undoubtedly the world's leading management After Carlzon's 90 minute

speech and discussion session, the audience kept him back for nearly another hour, peppering him with questions about his extraordinary discovery that if you put your customer's in-terests first, rather than those of your organisation and its internal politics, and if you give your staff as much indeper as possible, then the quality of your service, sales and profits will be transformed for the bet-ter. The next speaker had to slash his presentation to a mere

and his great works?

quarter of an hour. In a nutshell, what Carizon the help of his much more experienced chairman, Curt Nicolin, who is also head of ASEA, the Swedish electrical engineering group) is to turn the airline from a SKr 88m lossmaker in the year to September business 1981 into a SKr 292m profit- EuroClass. maker the following year (far The impact of these shifts on livery and interiors, reservation more if one counts the sale of the airline's overall traffic offices, ticket desks, cabin staff unwanted aircraft), and into the pattern in 1982 was to halt the uniforms, and so forth.

140m in more than 160 projects to improve the quality of customer service (including business lounges at key airports, more leg room for passengers, better food and the assignment of additional passenger service staff, plus extra personnel to load and manoeuvre planes quickly as part of a new punc-tuality drive). Though British Airways and

Air France had already intro-

the all-round attention which SAS paid to every small detail, and the absence of any extra on the fare, quickly paid off. Over the next year, the decline in full fare traffic on SAS's European routes was transformed, in a stagnant In a nutshell, what Carizon market, into a near-9 per cent image, has achieved (admittedly with rise. It was followed by a Seven further 4 per cent increase over the nine months to August 1983, by which time SAS had also virtually recouped the previous consultants, Landor Associates, year's 6 per cent drop in to develop a range of alterna-discount traffic caused by tives for SAS, and for the business people switching to

proud earner of over SKr 550m previous slide in its European market share at 7.4 per cent (as measured by the Association of European Airlines), and then to boost it to 8 per cent by this August.

Almost every time Carlzon speaks about his success—to conferences business journalists - which frequently, given his showman's instinct for self-publicity—he bangs home the same messages: that "an airline's only real asset is a satisfied customer"; that it's more effective to be "one per cent better in 100 details than 100 per cent better in one;' that, to the marketplace, SAS consists only of 50 million annual "moments of truth," when a customer makes contact with an SAS employee, or vice versa; and that this over-riding emphasis on the market means that the role of SAS central management is to listen to what its "front line operators" are telling it, rather than the other way round which is still the pattern in far too many organisations.

Given Carlzon's flair for showmanship—learned in his early years working for the Vingresor package tour com-pany trying hard to give his clientele "the best fortnight of their year," as he puts it—it may seem surprising that he left it until this summer to introduce a new SAS corporate Several factors contributed to

Carlzon's apparently protracted timescale. First, it took almost 18 months for a team of U.S. chosen one to begin to be put into effect—in terms of aircraft

But the delay is also explained by Carlzon's wish to minimise any impression that he was making only a cosmetic change. He has already been accused often enough of indulg-ing in empty razmattazz.

In a new booklet called "What's What in SAS," Carlzon's management goes to con-siderable lengths to underline that "the content (of SAS's strategy) will always be more important than the image." But now that the main service and marketing elements of SAS as "the Businessman's Airline" were in place, a new corporate image had ben developed "to package them properly..."

"Corporate identity is a communication tool that starts with an honest evaluation of what a company is, and develops into an organised, controlled sys-tem," the booklet argues in text-

Though it insists that the for the fact that, for almost a creation of a corporate identity decade until new management requires much more than a graphic facelift, it fails completely to convince. This may be true in the case of SAS, but as any frequent traveller knows. far too many airlines' images promise what the actual organ-

isation cannot deliver. If you have had to queue for an hour at a smoky, over-crowded check-in, or stand around in the departure lounge, if the food is bad, or if the cabin staff take poor care of you, then an airline's identity is exposed for what it really is: at best an over-ambitious exercise in hyperbole, at worst a cynical sham

In such cases, it is the client and not the consultancy which is at fault. Negus and Negus. the consultancy which created British Airways' glossy new livery in 1974, cannot be blamed

decade until new management took a strong hand, passengers saw only too glaringly the gap between the image and the inadequate reality. Negus could bardly have created an identity which reflected the true BA of the time, with its poor punc-tuality and lack of caring

Now BA has asked Lander Associates to take a new look at its livery, so it could soon be changed again.

Whatever the decision at BA, the important thing is not the glittering corporate identity, but what lies beneath. It's the same in any other kind of

** See " Drucker and the art of studied simplicity," Septem-

SCLEROSIS through MEDICAL RESEARCH.

IPM Conference

Is your personnel manager a dinosaur?

BY BRIAN GROOM

dancies in British industry and

they administer, their fortunes

A seminar at the recent Institute of Personnel Managers conference in Harrogate heard a gloomy prognosis from John Cousins, former director of personnel and industrial relations at John Brown.

"At the moment, company chairmen are getting the changes they want without opposition, from the management through to the sweeper," he said, add-ing that with 3m memployed, chairmen and him managers feel they themselves can handle

feel they themselves can handle industrial relations with a cowed workforce.

A former shop steward, Transport and General Workers Union national secretary, and senior executive at the National Secretary. Economic Development Office and Plessey, Cousins bears painful personal witness to the idea that personnel managers are dispensable. John Brown felt able to dispense with his services and not replace him. In the 1930s, personnel man-agers were the Cinderellas of management—messengers beand workers. Their status and numbers grew as the industrial

postwar full employment, and as a welter of legislation affecting employees, from race to health and safety, hit the statute Unless full employment unex-pectedly returns, said Cousins, personnel managers could find themselves simply the custo-dians of low-level information. And he asked rhetorically; "Are we going to be the dino-

relations climate changed with

saurs that some suggest the trade union movement already is? As the unions decline, are we declining? Are we simply the last ones to turn the lights if when the factory closes?" outline the revolution in work. The answer from a large patterns. He asserted that beection of the IPM conference cause of the fall in the birth off when the factory closes?" section of the IPM conference cause of the fall in the birth audience was "no." Personnel, rate there would be a short-some said, had a part to play age of labour within a few to the chieving the increased floxi- years, not an oversupply.

DO PERSONNEL managers bility being demanded of wor-have a future? Their morale kers, in handling relations with has taken a battering during the community, pre-retirement the past four years of reduncounselling and curbs on over-time to create work.

with treplication.

Not only have their own jobs numbers with decline in he was confusing decline in he was confusing decline in he was confusing decline in numbers with decline in the shrinking of the workforces patterns were taking place. are also curiously linked to the art role. When people worked strength and industrice of the trade unionists who sit across the table.

A seminar at the recent Inwould be needed to organise

them from the centre.

Others foresaw a two-tier profession: traditional full-time careers in the public services, and short-term contracts to fulfil specific tasks in the private sector.

Couning agreed it was time for personnel to take on a wider role as managers of "human resources," like their U.S. counterparts, but they were unlikely to do so.

"When I started in personnel I thought it was to bring some sort of social conscience to those industries I worked in.
What has happened is we have
become functionaries. We have
not become the conscience of industry," he said.

Future shock

"People said to me I had no idea, I should shut up and stop nattering on about social aware-ness. So I shut up. As a trade union official I had better and more ideas about how to reatructure work than any personnel manager I ever sat around

the table with."
Some delegates also disputed Some delegates also disputed his view of continuing union weakness, pointing out that workers would get used to 3m uncomployed. The issue of whether unions would regain much of their strength inspired wide divisions among expert speakers at the conference.

Cousins' prognosis is heavily dependent on the "future shock" view that technological advance will keep the world out of work. There is far from a consensus on that.

a consensus on that.

A separate seminar heard
Mitchell Fromstein, president
of Manpower Inc of the U.S.,

business of computing. language

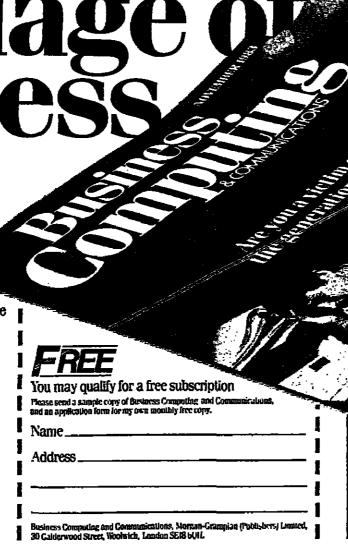
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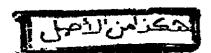
40,000 leet is the altitude our HS - say - Paris at a lower cost than 125 business jet cruises at when it's a scheduled airline. And our fulltaking important people to important time Business Travel House can

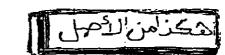
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THE EXECUTIVE JET FOR HIGH FLYERS







THE ARTS

Lovers Dancing/Albery

Michael Coveney

It would be pleasant, but misguided, to welcome back to toms, male members the size of the West End the author of salamis and desirable super-Rattle of a Simple Man and market staff may be just the Staircase. For Charles Dyer's ticket for jaded theatregoers. Lorers Dancing is a trite old What Interests me is that none Lorers Dancing is a trile old confection of sexual and conversational arabesques among a couple of menopausal marriages thrown together on the 19th anniversary of a ballroom dancing contest.

The boots Cherel and Goorge

The hosts, Cheryl and George, won not only the silver trophy but also the custody of a boy (Michael never appears) con-ceived in an alcoholic fourcornered romp between the sheets. Suspicions of foul play sheets. Suspicions of foul play are not confined to some back-stage meddling with Albert's trouser buttons. The "fateful bed night," which I intriguingly misheard for the first half-hour as the "faithful bed night," produced George and Cheryl's

George and Cheryl have the upper hand. He runs a successful bottle factory, she paints naked soldiers in the village life class. Their "place," as designed by Peter Rice, is a

linked to a large amount of finguished colleagues, wasting rather ledious fantasy and dirty her time. The evening reeks of talk. Only the resurrection of the Lord Chamberlain, you feel talism while paradoxically con-(since Mr Dyer's programme

Chat about pear-shaped bot-

It stands in the corner of

a field pressed close to a line of woods. There is nothing to

give you a hint of the riches

within except the high sand-stone gable projecting from the walls of glass. Driving or walking through the surround-ing Pollok Country Park the

visitor does not take part in any picturesque progression, instead you arrive quite sud-denly at the oak door and the

giant shelter for the great Burrell art collection stretches

away into the trees.

away into the trees.

The story of the building of the new home for the Burrell Collection in this park, 20 minutes by car from the centre of Glasgow, goes right back to 1944 when the City of Glasgow accepted the collection from Sir William and Lady Burrell. It was not until 1971 that the commission for the new galleries was awarded to Barry Gasson, John Meunler and Brit Andreson after a well-run two stage architectural competition.

stage architectural competition.

Twelve years later the collection is beautifully housed,

in its first week it has been amazingly popular and there is no doubt that it is one of the most interesting and successful new museum buildings in the country. Barry Gasson is the only one of the three original architects who worked on the design who has stayed with the project all through. It is clear

project all through. It is clear that, unlike the horrible exten-

which goes some way, perhaps, towards explaining her strange accent which I can only describe as sub-aquatic mid-Atlantic.

designed by reter ruce, is a cavernous semi-circle of beige sludded pink chiffon.

flock wallpaper, china plates behind glass, wall lamps, onyx ashtray and goatskin rug. It reeks of arriviste pretensions.

Loss of marital libido is in company with her three distinguished colleagues, wasting biography goes on about him at certainly write when he chooses such smug and pompous length) could make a live issue of the another matter. Lovers Dancing

Suoraan/Purcell Room

David Murray

a civilised little concert — al- dispel an impression of bittlemost a private party, for of an ness, though the flute-writing audience of about 40 souls, contains lovely paragraphs, many there for friendly or pro-fessional reasons. The Purcell Pulse Sampler has its variable Room seemed too grand for the pulse set by hardwood claves affair, though all the music which were sometimes earsounded well in it, particularly when the mezzo Josephine Nendick was involved. Subtle artist that she is, she conveyed expressive points to precisely the right scale, and her eleverly

Le Lay de la fonteume, an ex-tended tribute to the Virgin which alternates pairs of stancas for the singer alone with pairs set as three-voice canons. In Finnissy's arrangement flute and obor were the secondary voices, with some harmless re-adjustments in the music. To three of the monodic sections he added a pretty glockenspiel descant and to two canons a distractingly fussy drum-part (plainer would have been much with Miss Nendick bringing all launched by five of Britain's regional arts associations in conjunction with Constant (at some distance from current notions of "authentic" vocal address) on a screnely beautiful, beautifully organised piece.

The four shorter pieces in the first half were essentially monodic studies, though Finnissy's own Dilok — Kurdishinspired-sets its twirling oboc against busy unpitched percus-sion, as much exocative as constructive. It made a relaxed sequence that for the performers) more convincingly continuous than Betsy Jolas' Fusgin, for a flautist playing bass flute and piccolo by turns. Miss Jolas' pleasant device of smoothing the passages from one instrument to the other jokey miasma derived from actors' mannerisms.

Georgina Hale as Cheryl has an incomprehensible speech about the Alabama slave trade

As George, Colin Blakely potlers around his furniture in a fastidious manner, browbeating the bloodhound features of Paul Eddington's ballroom rival with a mixture of social threat and physical bluster. Legs akimbo over the precious rug are funny the first time; as is Georgina Hale's flouncing descent on the sofa in a sea of diamante-studded pink chiffon,

splitting in this little room; the

left one in no doubt of that, rendering musical points scrupulously and wryly without

Literary contest

with north of

England flavour

extraneous tricks.

for publication.

museum of great quality. Barry Gasson had the wonderful opportunity of working with an intact collection that is never going to change in any substantial way — his love of the collection shows in the organisation of the way building. sation of the new building.
Certain objects in the collection defined the kind of museum that was needed.
Burrell had bought large scale On Saturday Michael with vocal crooning by the Finnessy's croup Suoraan gave player (Nancy Ruffer) did not architectural fragments, door-ways, windows and arcades of stone; panelling and ceilings of wood. The great tapestries are the centre of the collection and

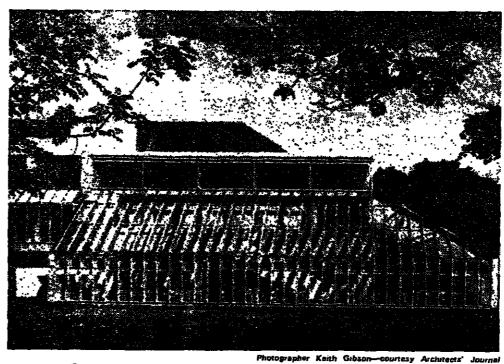
music is more a game for the players than a real concertand wood carvings; French nineteenth century paintings and Islamic carpets. piece, but Christopher Redgate brought out the shapeliness of the right scale, and her eleverly the modal oboe-warblings over cultivated timbre—suggestive and flexible, satisfying well-tuned—was bewitching.

Suoraan are contemporary specialists, but this time the principal work was by the 14th, century Guillaume de Machaut:

Le Lay de la fonteure, an extra property of variously involved characters. They are inventively different to the modal oboe-warblings over the modal oboe-warblin They are inventively differentiated in the music, which adds up to a substantial music-theatrical whole; Miss Nendick

Architecture/Burrell Collection

Colin Amery



Exterior of the Burrell Collection in Pollock Park, Glasgow

and the restaurant occupies the lower level south-east corner. Running north-south are long galleries which are and top-lit, housing silver, ceramics and mainly armour.

sions to the National Gallery and the V and A designed by the corporate Public Services Agency, the guiding influence of one man has produced a new As you enter the gallery the character is strong and simple. High stone walls, a low bridge and then the drama of the great glazed courtyard which reveals all the elements of the archi-tecture. Here the concrete columns, wooden rafters and columns, wooden raiters and Dumfriesshire stone are the surroundings for the reconstructed rooms from Burrell's home, Hutton Castle. It is a tribute to the high quality of architecture that these reconstructed rooms, although they contain mendantal believes. contain wonderful things are the dullest part of the whole museum. In the centre of this court with its pink and white chequer-pattern floor stands the collection's most recent acquisi-tion—the Warwick Vase—that once stood in Hadrians Villa.

they needed to be shown in carefully controlled light. He loved ancient stained glass; Northern Gothic alabaster, stone By some curious error of judgment this great work of art is surrounded by six ficus trees -the sort of indoor tree that grows so well in airport lounges and Islamic carpets.

In plan the museum is like a large right-angled triangle with the longest third side being the great glass wall that to do two kinds of tour. It is abuts the woods, Fortunately this long glass wall faces north, in the centre of the whole space and take a circular lour around are the rooms that need less
light, on the south facing glass
wall the stained glass is hung
like banners against the light,
rooms. can glass.

My colleague William Packer beautifully detailed at floor, skirting and showcase level, laminated timber beams for the striking roof, and the only visible concrete the smooth shafts of the columns. All sur-faces are bard, the only exception being an occasional stretch of grey carpet. Show cases are simple with chrome detailing adding an agreeable sperkle.

There is a lot of glass, which means a lot of blinds to adjust, but the benefit is the glory of natural light wherever possible. I may be alone in not liking the way the stained glass is displayed. I feel it was intended to be seen in tightly-designed to be seen in tightly-designed settings of stone — often as part of the total architectural experience. Here it hangs in front of the great glass walls and looks like a line of beautiful translucent washing. I am sure it was right to see it against natural light but the result is not happy. To chose to display the armorial glass like a row of suburban window lights in the restaurant is the only other major error of taste - I found this quite shocking and dis-missive of the quality of the

works best in combination with

nature. I thought the sight of will write tomorrow about the collection and its history, here the mud and leaves of the woods there is only space for some was a moment of insight about architectural observations. First, the nature of art. Often you the materials are a pleasure. I thought the woods there is only space for some was a moment of insight about the materials are a pleasure. I thought the woods the mud and leaves of the mud and leaves of the woods. First, the nature of art. Often you the materials are a pleasure are forcibly reminded by a visual jolt that objects, architecture and paintings have a four the woods. tecture and paintings have a meaning beyond themselves — and that is a great and rewarding achievement for the architect. I liked the tomb-like cabinet for the display of Mesopotamian seals. The rood figures and angels from a church roof are all shown at the right height, and good Islamic carpets are shown flat on the floor as well as on the walls.

Glasgow is fortunate indeed to have this collection and there is no doubt that Barry Gasson's building in a controlled and careful way adds enormously to the experience of a visit to the Burrell. I feel the building's restraint works well for threedimensional objects, the archi-tectural fragments and the ceramics are particularly enhanced. The paintings come off less well—even the Bellini and the Memling are not quite at home in such a large open-plan area. But it is a rewarding architectural experience—a successful integration of the collection, the gallery, and the comfort of the visitor.

The aesthetic thrills do not language of the building-but The architecture is recessive from the collection itself and but beautifully detailed — it that is how it should be. Sir

Francis/Greenwich

Martin Hoyle

surprisingly dull copy. Rossel-lini's old film is a piously humanistic ramble (pace neo-realist buffs); and now Julian Mitchell's sincere, good-hearted chronicle play scarcely reaches the heights of an imaginative school text-book.

school text-book.
Written in the neutral modern language of schools broadcasts, it recounts episodioroadcasts, it recounts episodi-cally Francis's career while adding nothing to what we imagine of the man. A promis-ing opening when the saint describes his conversion in terms of a rapturous pantheism gives place to a list of his mainly administrative struggles, less with the understanding church hierarchy than his own deputies: a sort of Yes, Minister

of Grace.
As one of the few writers who convincingly illustrated, in Another Country, the relation-ship between sexual identity and political awareness, Mr Mitchell is disappointingly superficial in his treatment of all-consuming faith. Our first glimpse of the newly-formed order, all hearty hugs and waving of clenched fists, recalls a triumphant foot-ball team momentarily over

After Francis disowns his father the first half is almost devoid of dramatic tension.

There are whooshing sound effects as the birds depart from their first sermon. Eventually St Clare is mentioned casually as a fait accompli—without background, explanation or hint of any relationship.

Given Francis of Assisi's This is a radio serial in short robust, no-nonsense appeal episodes; historical telegraphese (plus animals), he provides getting the salient points over without elaboration.

Mr Mitchell falls into the novelist's trap of stating without illustrating. In Act 2 we are told we are in Syria. The Crusades are mentioned. Nothing in writing, acting or direction gives any feel of time As the excessively wordy

As the excessively wordy evening progresses at its unvarying pace, the actors occasionally lapse into the jerkily concentrated delivery of those whose top priority is to get their lines out accurately. Kenneth Branagh carries the piece manfuly, whether unsoppily joyous or snarling from his hermitage at those wretched brothers who fail to live up to his ideals. He also ages with the passing years, a process to which his loyal brethren and the rather smugly pi St Clare are immune.

are immune. lain Mitchell's puzzled friar

displays a quizzical intelligence; and Anthony Bowles' musical direction evokes splendidly polished singing from the cast. David William's production ultimately opts for the emotive image when the dead Francis, stripped, with stigmata exposed, echoes Christ's deposition from the Cross. The ensuing canonisation—blaring brass, waving banners and ecclesiastical sumptuousness—is pure Hollywood.
From the promising team of
Mitchell, Branagh and St
Francis, this disappointment
leaves one as sick as Brother

Makarova/Covent Garden

Clement Crisp

For all its Russian-ness of plays this slight role of Turgenyev plot, distant birch trees, midsummer ennui in the depths of the provinces, Achton's A Month in the depths of the provinces, Achton's A Month in the depths of the provinces, Achton's A Month in the depths of the provinces, Achton's A Month in the depths of the provinces, Achton's A Month in the depths of the plays this slight role of cavaliere servente with winning elegance—suddenly seemed to matter, and Mr Rencher responded with a more powerful depths of the provinces, Ashton's A Month in the Country is very English. The play, part tragedy, part farce, has undergone a North Sea change, so the ballet's characters seem neater, blander than their dramatic originals, and Gloucestershire looms nearer than Moscow.

than Moscow.

There is something here of that intriguing difference between Chekhov as given by the best London casts and as shown by the Moscow Arts Theatre: British charm soothes the in Russian performance. Placing so essentially Russian an artist as Natalia Makarova in this gentler world, as happened on Friday night when she appeared as Natalia Petrovna, is to suggest disturbing currents of authenticity beneath the accepted Covent Garden view of the character and her place

of the character and her place in the ballet.

Makarova plays Natalia in high Russian style. A couple of years ago when she first essayed the part, this 'truthfulness' to the Russian text seemed less obvious. seemed less obvious; on Friday night the focus of the ballet, its emotional atmosphere, was dominated by her extraordinary persuasive portrait of a woman capricious, impulsive and, withal, utterly sympathetic. It was a bravura performance. From the first moment when we saw Natalia Petrovna leaning back on her chaise longue, a prey to gusts of feeling, of swiftly passing interest, and corrodingly bored, consciously gracious and unconsciously cruel, the character lived. In

and explicit reading than I have seen him give before, so that his discreet passion for Natalia Petrovna was seen as important to him.

The lightning changes of mood in Natalia's scenes with Vera (Karen Paisey an ideal ingénue) conveyed the older woman's angry realisation of her sexual riv.liry with the girl. and Makarova's gaze as she smoothed the distraught Vera's head after Vera has avowed her feelings for Belyayev, marvellousl revealing, both of temper and of compassionate understanding. The deepening of the emotional tone in the scenes with Dowell's magnificent Belyayev — self-doubt matched with self-indulgence—found the dance pure, very concentrated in its rise and fall, and in the exquisite curves and feathery pas de bourrée as Natalia is guided over the stage by Belyayev. And at the last, her pose-hands fallen to her sides as the curtains close—is a most touching stroke, the character unsullied by caprice or deception, and it crowns Makarova's interpretation. I would urge anyone interested in the play, as in the ballet, to see her performance.

Hampstead Theatre director appointed

Michael Attenborough, artistic presentation it was flamboyant; the mistress of the action. Watford, has been appointed the mistress of the action. Watford, has been appointed the mistress of the action. Watford of the Hampstead intensity that galvanised and intensity that galvanised and intensity that galvanised and dominated her household. Her has been artistic director at Watford for four years, takes the post in February. relationship with Rakitin — Watford for four years,
Derek Rencher customarily up the post in February.

Music of Eight Decades

Andrew Clements

Abandoned by the independent symphony orchestras for their own Creat British Music Festival, the second series under the banner of Music of Eight Decades is shared equally between the BBC Symphony Orchestra and the London Sinfonietta. It promises to be the stimulating mixture as be-fore—commissions and British England, plus a £1,000 advance premieres alongside repertory from Constables on acceptance pieces.

Any English writer living north of a rough line from the The BBC Symphony opened the series on Friday, at the Festival Hall. The conductor Mersey to the Humber, whether previously published or not, is cligible to enter a novel—provided it has not previously been published and is not under con
was to have been Michael and Symphony Chorus essayed cligible to enter a novel—provided it has not previously been published and is not under con
was to have been Michael and Symphony Chorus essayed clien, but earlier this week the slithering, groping introdusty in published and is not under con
wistor to the Humber, whether Festival Hall. The conductor sonal work. The BBC Singers was to have been Michael and Symphony Chorus essayed clients and symphony chorus essayed with the south Back and Symphony Chorus essayed clients and symphony chorus essayed clients and symphony chorus essayed clients and symphony chorus essayed with the south Back and Symphony Chorus essayed clients and symphony was called in to replace him in sideration by a publisher or agent. The closing date is

June 30 1984.

Further details from Northern

Arts, North West Arts, York
Begin an unchanged programme. soloists, Dorothy Dorow (and Tebachnik began with a skillfully paced account of Schoenand Sarah Walker, were
begin Verklaerte Nacht, the movingly beneficent in the final agent. The closing date is an June 30 1984. shire Arts, Merseyside Arts slowness of the opening para-

graphs suggesting Wagnerian proportions, the central climax intense, sharply focused.
There was similar concern for textural niceties in Ligeti's Requiem, which ended the con-cert. It remains its composer's most substantial and profound achievement, the opera Le grand macabre notwithstanding; nowhere else does he turn convention and expectation upon their heads in music of such transcendent beauty as in the four sections of this highly perthe Kyrie. The pair of female soloists, Dorothy Dorow (an-

Lacrimosa.

Antigone/Cottesloe

Martin Hoyle A stage production described obsessed with the rituals of

as a "workshop" strikes an anticipatory chill: too often it implies the under-rehearsed or incompletely thought-out. Against this staging Sophocles' tragedy, join Sophocles' tragedy, jointly directed by Peter Gill and John Burgess, the first charge is groundless. Physically and verbally the chorus is well-disciplined. The performance begins literally with a bang: an attention-grabbing crash on percussion heralds Antigone and Ismene marching smartly

argument, Alison Chitty's set breaks the black backdrop with a mono-chrome doorway with the mottled coarse-grained texture of a blown-up photograph. The sombre colours on stage con-trast with Antigone's red dress -paradoxically, since she is

death. Red is the colour of resist ance and revolution, its modern associations emphasised by the Forties-to-Fifties costumes. The trouble with a precisely drilled male chorus wearing what look like natty suits and trilbys left over from Guys and Dolls is that you expect them to burst into song. When each one carries a walking-stick can a soft-shoe shuffle be far behind? Michael Bryant's Creon, sober executive suit relieved by crisp breast-pocket handker-chief, adds to the faintly trans-Atlantic feel by addressing his

Barbara Flynn and Belinda Lang make convincing sisters, and only a real company could field such a strong supporting team as Alfred Lynch, Janet Whiteside and Basil Henson.

son as Hyman.

Arts Guide

day. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 28 - Nov 3

Music

LONDON

Ricrardo Muti, Radu Lupu piano: Schumaph, Brückner, Royal Festival Hall (Mon) (9283841) Andrea Segoria guitar rectal. Barbi-tan Hali (Men) (638:891) Royal Philharmonic Orchestra, con-

ductor Yura Tennickanov, Katta and Marulle Labeque, pianos. Walton Gershwin, Deerok, Barbican Hall (Tue) (638653))

Jerusalem Symphony Orchestra, Gary Bertini conductor, Ida Handel vio-ito: Am. Mayani, Bruch, Mahler. Royal Festival Hall (Tue) (928:3641) Aquartus Singers, conducted by Nicho ins Conbury Enesco, Peter Paul Nach, Tippett, John Buller, Lord

Berners, Queen Ehrabeth Hall (The) (9283641) Philharmonia Orchestra, conductor Bacardo Muti, Anne Sophie Mutter viena, Wagner, Hindenath, Deurak. Revai Fe-Awal Hall (Wed) (9283641) London Mazart Players, conductor Jan Pawai Tortelier, Nins Milkins plane Mezart, Bach, Baydn, Quoen The aboth Hall (Wed) (928 3841) Loniago Freemble: Luiosiawski, Forneytaugh Webern, Christopher Fay, Lugan Purcell Reum (Wed)

Zukerman harr-Lewis Trie: Bach, Name on LTT liesh, Haydn and the er- Bachican Hall (Wed) (6385891) BBC Symphony Orchestra, conductor Hornard Hattink, George Pauk vio-lin, Paul Crossley piane; Berg, Schu-bert Bathwan Hall (Thur) (630 889)] London Symphony Chorus and Or-chestra, conductor Richard Hickox, Lambert, Eigar Cello Concerto with soloist Robert Cohen, Walton's Bel-shazzar's Feast, Royal Festival Hall (Thur) (928 6891) Wolfgang Manz, piano: Beethoven, Chopin, Queen Elizabeth Hall (Thur) (928 3641)

The London Ragtime Orchestra, Ray Smith piano, Dick Cook clarinet: Scott Jophn to Jelly Roll Morton. Purcell Room (Thur) (9283641)

BRUSSELS

National Opera Symphony Orchostra conducted by Sylvain Cambraling with Martina Arroyo, soprano: Beet-hoven, Zemlinsky. Palais des Beaux Arts (Sut)

Placido Domingo recital with Orchestra conducted by Garcia Navarro (Tur) Theatre des Champs Elysées

(723 4777) Paris Jazz Festival Sun Ra All Stars Bug Band (Tue 2.30 pm and 8.30 pm) TMP Châtelet (233444) Aldo Ciccolini recutal: Chopin, Lisat (Wed) Theatre des Champs Elysées 172847773

String Sextuor of the Orchestre Na-tional de France: Schonberg, Strauss, Paris String Trio: Juan Guinjoan, Boethoven (Wed) Gavenu

Nouvel Orchestre Philharmonique conducted by Friedemann Layer, Radio France Choir: Handel's 'Ale-na' (Wed) Rodio France Grand AudiOrchestre de Paris conducted by Lu-ciano Berio, Bruno Canino, piano, Antonio Ballista, piano: Berio, Ga-brielli/Maderno, Frescobaldi/Ghedini (Thur) Salle Pleyel (563 5873)

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Aurora Natola-Ginastera cello, Kath-leen Battle soprano. Bach, Ginastera, Webern, Mozart (Tue); Zubin Mehta conducting, Rudolf Buchbin-der piano. Webern, Beethoven, iss (Thur). Lincoln Center *(874 2424*) hiladelphia Orchestra (Carnegle Hall): Klaus Tennstedt conducting.

(2477459) Benny Kim, violin recital (Kaulmann Hall), Bartok, Beethoven, Ravel, Kreisler, Sarasate (Tue), 92nd & Lexington Av. (4274410)

All Brückner programme (Tue)

CHICAGO

San Francisco Symphony (Orchestra Hall) Edo de Waart conducting, Heinz Hollinger oboe. Mozart, Ses-51005, (435 8111) Rachmaninoff

Britten. (4358111) WASHINGTON National Symphony (Concert Hall): Mstislav Rostropovich conducting. Andre-Michel Schub piano. Kalomi-



Mistislay Rostropovich: at Washington National Sym-

phony ris, Mozart, Luily, Debussy (Tue, Wed, Taur) Kennedy Center

enacek Philharmonic Orchestra/ Prague Philharmonic Choir with Natalia Romanova and Pavel Ka-mat, soloists. Brahms's Requiem Chicago Symphony (Orchestra Hall): Rafael Kubelik conducting. Handel. Britten, Ravel, Roussel (Thur) Tonhalle (Mon) (471630)

Tonhalle Orchestra, conductor Myung

Whun Chung, Carrestoph Schiller vi-ola: Mozart, Bartck, Rimsky-Korsakov. Tonhalle (Wed) (20: 1580)

Elicabeth Leonskaja piano: Schu-mann, Schubert, Mussorgsky. Ton-halle (Thur) (20: 1580)

F.T. CROSSWORD PUZZLE No. 5,256

ACROSS

Fought against being declared redundant (8) 1 Fought Wild capers may get you into one (6)

Blooming beast of burden that has trouble returning 10 Girls cooked oriental fish

11 Train for employment (8) 12 Complete outfit for touring around, but not the North (3.3)

14 Sent crazy by other claims on your attention? (10) 18 States the terms of the contract (10).

22 Eccentric ladies highly thought of (6) 23 Reproduction of a man's oil painting (4, 4)

24 Have regard for the future?

 $\{4, 2\}$

25 Great frolic on the carriage (8) 26 Girl is bringing back an earthy pigment (6)

DOWN I Possibly score a hundred in football (6)

2 He painted one of the Cinque

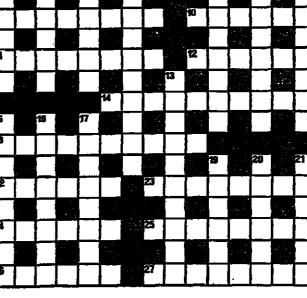
one's attention (8)

3 A form of assurance (6)

4 The demon drink? (4, 6) 6 and 20 The best quality of a high churchman? (8, 6)

7 Variety of confectionery? 27 It may be simple to engage (3, 5) 8 Slack water of dusk (8)

> 15 Greek hero is sick, gripped by pains (8)

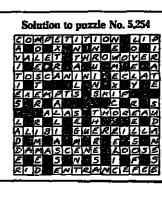


16 Bet a long striding galt is natural to it (8) 17 Built-up area of urban

development (4, 4) 19 One likely to use a club-a 20 See 6 down

21 It's lucky mother's gone to bed (6) 13 Loud note, strain to get it

The solution to last Saturday's prize puzzle will be published with names of winners next



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Monday October 31 1983

New strains for Nato

THE SECURITY of western to divide the western European Europe ultimately depends upon the U.S. today as much which have adhered to the twinas it did when Nato was founded. There, in a nut shell, is the case for Nato's twin track decision to deploy cruise and Pershing II missiles this year unless the Geneva talks lead to an agreement with the Soviet Union limiting the number of weapons, and of Soviet SS20s, in Europe.

This is the thought that should be uppermost in the minds of MPs at Westminster today when, once more, they debate the issue of these Euro-missiles. The Government would never have found it necessary to call for that debate if recent events. debate if recent events, especially the U.S. invasion of Grenada, had not raised world-wide doubts about the conduct of U.S. policy. The case for greater and more meaningful consultation within Nato is unanswerable. But it is a case for closing ranks, not for allowing Washington and the Europeans to drift further

twin track decision was taken, primarily on the insistence of Herr Helmut Schmidt, then the West German Chancellor. Herr Schmidt was afraid that the presence of SS20s in eastern Europe, with no equivalent available to the West, could interrupt the pattern of deter-rence at a crucial point. If in case of war the Soviet command were to unleash the SS20s and the only possible American response was to hit back with intercontinental missiles, Washington might draw back.
Deploying the Western missiles would close that potentially dangerous gap.

Divide the allies

Only by being forearmed for every possible step in the esca-lation of conflict can the West ensure that deterrence remains credible. And only if deter-rence remains credible can it serve its purpose of making unlikely the outbreak of war and its escalation from conventional conflict to nuclear holocaust.

talks themselves has faithfully mirrored Herr Schmidt's fears. The purpose has been to divide the European allies from Washington and, at the same time, sultations.

track decision. With its particular impact on

British sensitivities, the U.S. invasion of Grenada has provoked new denmands for some form of "dual key" system which would give the British Government a physical ability to block the launch of U.S. cruise missiles based in Britain. There is inconsistency between such an idea and the foregoing rationale for deploying the new U.S. nuclear weapons in Europe: one starts with an attempt to bind an ally in, and then insists on binding his hands. It is also hard to believe that the deterrent effect of cruise missiles would be as great with two keys to turn, or that the UK would be immune to Soviet retaliation if Western weapos were first fired from somewhere else. But the most powerful argument against dual key is that it is essentially a device which does not go to the heart of the underlying

Mr Pierre Trudeau, the Canadian Prime Minister, last week hit off the doubts and fears of many Europeans, not only about Washington, but also about Moscow. He spoke of a super-power relationship that was dangerously confrontational and a widening gap between military strategy and a rational political way of handling East-West relations. He deserves encouragement for his attempt, as he put it, to assert the preeminence of the minds of mer over the machines of war.

But at the same time Mr Trudeau unequivocally rerrudeau unequivocally re-endorsed Nato's twin track decision. Soviet tactics have made it evident that Moscow will make no significant concessions until it knows that it has failed to keep them out at no price to itself.

The calls for duel key are symptoms of the need for the European countries of the NATO alliance to re-examine together whether their view of East-West crisis management is still compatible with that of the

The Grenada crisis is a nudge Soviet strategy in the run-up not towards make-shift devices to the Geneva talks and at the to accompdate mistrust between allies, but towards the emertherefore more powerful Euro-pean point of view in Nato con-

Protectionism in world shipping

determined to build up and country would break ranks and protect their liner shipping adopt protectionist measures for fleets, principally by reserving specified proportion of imports would go its own way and find and exports. This tendency, bilateral agreements with which so far applies only developing countries, thus to liner shipping (regular, freezing out third country scheduled services carrying mixed cargoes), is deplored to the industrial countries but they can do little to prevent it. The practical question is how to reach a compromise with the serving as far as possible free-dom of access to the world's trade routes. This requires a co-ordinated approach between the U.S., whose shipping policies have long been a source of friction among its trading partners, and Western Europe and Japan. Another attempt to achieve such co-ordination is being made at a meeting of officials starting in London today.

This month, the United Nation's code of conduct for liner conferences, drawn up by the UN conference on trade and development in 1974, finally came into effect. It had been ratified by countries accounting for more than 25 per cent of the world's liner shipping. The code is intended to share out conference trade on a 40-4020 basis — 40 per cent for the
shipping lines at either end of
the route and 20 per cent for
the route and 20 per cent for the route and 20 per cent for the route and 20 per cent for the route and 20 per cent for the route and 20 per cent for the route and 20 per cent for the route and 20 per cent for the route and 20 per cent for the route and 20 per cent for the route and 20 per cent for the route and 20 per cent for the route and 20 per cent for the route and 20 per cent for cross-traders. Non-conference failed and a particular route lines, which have greatly en-larged their share of the business in recent years, are not permitted to enter the relative covered by the code. But there conference and so participate are fears that some developing in the trade. countries may extend the cargosharing rules to cover all trade, in which case, opportunities for the independents will be reduced or eliminated.

Bilateral deals

European Community agreed in conference system. Some critics 1979 on a modification to the suggest that a reduction in U.S. code, known as the Brussels protectionism is at least as impackage, whereby 40 per cent portant as a co-ordinated of conference trade with a response to the developing developing country would be countries. Nevertheless, only reserved for that country's the second item is on the agenda lines, but the balance would be this week and it is important open to normal competition that a compromise should be among all lines within the reached. Without it, world Organisation for Economic Co- shipping may sink into the operation and Development. In morass of bilateralism, protec-addition, trade between OECD tion and government regulation countries would be subject to no which bedevils the world airrestrictions. But an essential line industry.

DEVELOPING countries are condition was that no OECD its own lines. The biggest anxiety has been that the U.S.

consistently to ratify the UN code, arguing that it discrimi-nates against their own ship-ping. Although the U.S.-flag fleet is small relative to the size of the country's trade, it has a substantial stake in liner shippings. Some companies, operating outside the conferences, are eager to enlarge their cross-trading business, but they may be tempted by bilateral deals which give them a protected position on U.S. trades.

Western Europe and Japan, organised in the Consultative Shipping Group (CSG), are try-ing to persuade the Americans that the Brussels package offers the best prospect of resisting protectionism. Delegates from the CSG and the U.S. will try this week to tie up an agreement which gives the Americans the safeguards they want. The aim is a reciprocal commit-mentment to maintain competitive access to one another's trades. Both parties would was closed to non-conference lines, U.S. carriers might be conference and so participate

Prospects for an agreement this week are complicated by the profound distrust among European shipowners of U.S. shipping policy, combining as it does protection for U.S.-flag carriers and vigorous opposi-Member countries of the tion on anti-trust grounds to the

Since being made vice-

In an exercise in industrial lobbying which could prove crucial for European efforts to

challenge the U.S. in civil aircraft manufacture, British Aero-space will be serving up 2 detailed presentation of the planned four-nation project to build a new European Airbus, the 150-seat A-320.

Industry executives' nerves will be quivering at the thought of how Mrs Thatcher reacts— and not just in the UK. Aerospatiale in France and West Germany's MesserschmittBoelkow - Blohm, which together with CASA of Spain are
the other shareholders in the
Airbus Industrie consortium, are looking for firm backing from under way.

Signals will also be picked up attentively in government chancelleries in Bonn and Paris -and will spread as far affeld as Seattle, headquarters of the world's dominant aircraft manuacturer. Boeing.

Mrs Thatcher will have a decisive influence on the UK Government's decision, expected within the next few months, on whether to grant British Aerospace up to £400m to support UK participation in the A-320. This is not just one of the largest industrial development decisions of the Conservatives last 4½ years. On it may also depend the fate of the several billion dollars (much of it funded, directly or indirectly, by the taxpayer) already put up by European countries over the last decade to finance aircraft collaboration.

At stake, according to Sir Austin Pearce, British Aero-space chairman, is "the fundamental question—does Europe want an alreraft industry of its own capable of being competitive, or does it want to become merely a sub-contractor to the

There is little doubt in France and Germany, the main shareholders in Airbus (see panel). that the A-320 should go ahead But when the green light will be given depends crucially on decisions taken in London.

The project will require roughly \$3bn (£2bn) over the rest of the decade, mainly from Government funds, to finance development and initial production costs. Airbus Industrie is calling for the project to be firmly launched by the end of the year in order for the first A-320 to roll off the production

The A-320, which will offer considerable savings in fuel costs compared with existing aircraft, has been talked about for five years. But its launch, originally scheduled for two years ago, has been put back continuously because of the crushing recession in the world airline industry. All the partners-including

Britain's Department of Trade and Industry, which has made an independent study of the aircraft's prospects-accept Airbus Industrie's thesis that a large market will exist for the A-320 from 1988 onwards, much of it stemming from replace-ments for ageing fuel-thirsty aircraft now in service.

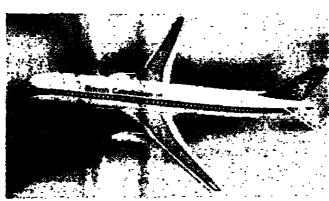
The A-320 has a total of 42 firm and 38 optional orders from Air France. Air Inter (the French domestic airline)—both controlled by the French Government—and British Caledonian. The BCal order, announced earlier this month, was easily the most significant

Margaret Thatcher will be the star guest at a rather special aircraft show in London.

Investing in a new Airbus

The dilemma that faces

Britain to allow the much-delayed A-320 project to get By David Marsh in Paris



The proposed A320 in British Caledonian livery and (right) A300s on the Toulome production line

independent airline to choose, on purely commercial grounds, the A-320 rather than rivals from Boeing and McDonnell

But financial commitments to support the project have come so far only from the French Government, which traditionally has played the leading role in spearheading Airbus and has already put up FFr 300m (£25m) in A-320 development costs. The Bonn Government. like the British, is still agonising over whether to put up funds, and is due to discuss the matter at Cabinet level next month. The need for a decision

"We have already waited a long time. We cannot wait any longer," says Herr Rolf Siebert, chief executive at Deutsche Airbus, now a 100 per cent subsidiary of MBB, which is the German shareholder in Airbus.

"If we don't launch the A-320

ENDUSTRIE

owned 37.9 per cent each by Aerospatiale (French govern-

ment-owned) and Deutsche Airbus (now a 100 per cent subsidiary of MBB, which has

some important public sector

shareholders and merged in 1980 with the VFW aircraft

group); 20 per cent by British

Aerospace (owned 48 per cent by the UK Government and

52 per cent by private share-holders following denational-sation in 1981); and 42 per

cent by Casa (Spanish govern-

nelled through Airbus Indus-trie. It does not publish

All Airbus sales are chan-

ment-owned).

"If we don't get launching aid, we won't be in the A-320," says Sir Austin of British Aero--which bas already put up \$12m of its own money to help develop the project. "And the company will slide out of the

large-scale civil aviation busi-Sir Austin stresses the launch aid request—like all the cash put up by European govern-ments to support every Airbus programme—is for a deferred interest loan. The £400m would be paid out over the rest of the decade, not in a lump sum.
"The money is not a subsidy or a free gift. We will pay

back the loan, with interest and profits, during the 1990s." This target may, however, represent only pious hopes. Since the UK set up launch aid in 1949, officials say the Government has had a "less than satisfactory" return on

HOW THE AIRBUS PROGRAMME IS

accounts. Because of huge

development and production

costs at the start of the air-

craft-building programme, all

shareholders have made losses

from Airbus operations. The

A-309/310 projects will not reach break-even until well

iuto the 1980s at least; the

• Aerospatiale carries pro-

development costs. It makes regular repayments, including

interest, linked to Airbus

deliveries. Of FFr 5bn (£419m) granted to the com-

A-320, until the 1990s.

duction costs itself receives loans from

and could act as a catalyst for of civil aviation programmes at the project will have to be further orders. It was the first the French Ministry of Transsettled within the next few is the logical addition. settled within the next few months. They are drawing up a lengthy dossier on the launch aid application, which is almost

> response. It is due to be considered by ministers in December. But partly because of Treasury public spending concerns, it is by no means certain that British Aerospace will get all the money it is

On the other hand, the recession has underlined that Airbus

In recent weeks Boeing has been able to clinch key orders from the Australian airline Quantas, for example—because it has greater flexibility to offer deals, involving cut prices and second-hand trade-ins, over a range of several types of air-

The key Government dilem-

All three governments face, to a greater or lesser extent, a number of dilemmas, sharpened by the downturn in

world airliner sales.
On the one hand the downturn has bitten deeply into turn has bitten deeply into orders and production of the existing range of wide-body Airbuses (the 250-passenger A-300 and the newer 220-seat A-310). This has increased short term losses and swollen financial ricks financial risks.

pany, FFr lbu has been

repaid so far. This year the

French Government is spend-

ing FFr 680m on Airbus

development (including FFr

• Deutsche Airbus has been

granted DM 3bn (£767m) in

long-term government loans to help finance development.

These are now interest-free

and no repayments are scheduled until 1994. Gov-

ernment has also given guarantees to cover Did 3bn

in loans raised from banks to

help cover production costs.

MBB also commits its own

funds. Out of DM L2bn

80m on the A-320).

certain to recommend, albeit in cautious terms, a positive

mas are: Industrial policy: none of the three governments—especially London and Bonn, being most ideologically committed to free markets — dispenses money lightly on building up industrial sectors. But Europe faces a

choice. Either it supports its sireralt industry with budgetary cash now, in the hope of returns, or at least repayment of development costs, over the next 10 to 20 years. Or else it allows Bosing which has profited fixelf from considerable threat and indirect U.S. government support over the years, to build up a monopoly—a position equally unwelcome to free-marketoers.

FINANCED (to be repaid in 1996), MBB

British Acrospace, which joined Airbus as a formal shareholder only in 1979, claims to have invested £400m of its own funds in the programme. Only direct governsom "entry ticket" paid when it joined But RAe, like Aerospatiale now, was given indirect government aid for Airbus while nationalised

during 1978-81.

may have to put up 15 per

cent itself. This year's Boun

Budget cost of the Airbus pro-

me is DM 330m.

"The A320 is not a pointeral aircraft and it should be launched not with submides, but MACH COMMERCIAL DESIGNAL STATE Herr Martin Gruener, the mate secretary at the Bonn eronomics ministry who is in charge of co-ordinating German policy on the Airbus. "Bit the U.S. industry roccives large-crale military orders from the American government which provides R with quite different financing possibilities compared with

Duropean companies." Boring claims to be untainted by government support. It launches regular broadsides against Airbus subsidies, list the company admits that it-built up its post-war jet airfiner success—vifet for financing later production runs

Tholog: There is no dispute that the market for the A-320 exists. According to the inde-pendent British Government study, carried out with the aid of seconded businessmen and mathematical forecasting models, the overall market for planes of this size is about 3,500 over the next 20 years or so. This is much in line with the estimates of Airbus Industrie, which believes it can attain a market share of a third, the same as its share of

partly with government help.

third, the same as its share of the wide-body sector.

The difficulty is to plek the right date for the plane's entry into service. Complicating the forecasts. This time—unlike with the launch of the wide-body Airbuses—the Europeans are pitching into markets in direct competition with the U.S. Booing and McDonnell Douglas are offering derivative aircraft, the 737-300 and the MD 86, in the same plane class. Booing also threatens to bring in a new plane, the 7 Dash 7 to compete directly with the A-320, while McDonnell Douglas has a deelgn for a MD-3300.

design for a MD-3300. Employment: European companies lack U.S. style flexibility to reduce workforces in response to demand slumps. response to demand slumps. Boeing has cut staff by 23.000
—about 25 per cent—over the past three years. British Aerospace, Aerospatiale and MRE—which together employ about 25,000 people on Airbus programmes, and give sub-contracting work to many thousands more—are relatively greenwhanned. They promite over-manned. They urgently need the A-320 to maintain em-

ployment.
Overshadowing the em Overshadowing the employment question in the UK is the perennial debats over whether British aircraft companies would do better to collaborate with the U.S. rather than Europe. The UK Government shares the view of Airbus Industrie that a proposed smithational aircraft engine, the IAE-2500, to be built principally by Rolls-Royce and Pratt and Whitney, could be used to power the A-520. This could supplement the Franco-American CFM-564 engine which is the first choice.

Rolls-Royce is seeking about 1190m in British Government launch aid for the IAE-2500; Ministers will study the dossier at about the same time as:
British Aerospace's application.
Britain will give the A-330
project its blessing if the
Treasury is satisfied that the

programme provides a 5 per cent real rate of return over its life of 20 years or more. Yet forecasts like this can clearly never be made with certainty. Underlining the tricky role ot has

Barbe of Aerospatiale says: "We don't want to launch this plane at any price. You need a professional approach. But a programme of this sort can hardly avoid risks."

Men & Matters

Can opener

Gerald Tsai is at it again. The Shanghai-born Wall Street whizz-kid whose reputation took a battering in the late Sixties when his mutual fund, Man-hattan, fell apart, has just ar-ranged for American Can where he is now vice-chairman, to acquire G. Tsai and Company, his small Wail Street brokerage

Tsai joined American Can as an executive vice-president in April last year after persuading the U.S. packaging glant to start a massive diversification pro-gramme into the financial seryramme into the mancial services industry, starting with the acquisition of Associated Madison, the insurance company which he built up and ran.

The Associated Madison acquisition sociated Amaison acquisition sociated Madison acquisition acquisitio quisition cost American Can quisition cost American Can \$127m in cash and shares and made Tsai, American Can's single largest shareholder, own-ing around 600,000 shares worth about \$25m at current market

The acquisition of G. Tsai and Company will add a further 87,209 American Can shares worth around \$3.8m to Tsai's

Aside from making Tsai even richer, the deal will also strengthen American Can's push into the financial services industry. Since joining the company, Tsai has spent \$450m acquiring two life insurance companies for American Can, paid \$38m for American General Capital, a mutual fund group, and \$55m to acquire a 7.5 per cent stake in Paine Webber, one of the few big independent Wall Street

brokerage houses left. The strategy seems to be paying off for American can. In the first six months of the year its financial services group, led , holidaymakers in ski-hats by Tsal, contributed about 46 played video-games machines per cent of its \$48.9m in earnings. It also appears to promote Tsai's publicly acknowledged ambition to become American Can's chairman.

president, Frank Connor, in the race to take over the top job when William Woodside, the 61year-old chairman and chief executive retires.

Fire-brand

Vancouver artist, Toni Onley, aged 54, is issuing invitations to a bonfire party at his home. It will be quite an expensive affair. He intends to consign to the flames about 1,000 of his prints worth about C\$1m. It is not that Onley become dissatisfied with his work. His quarrel is with the Canadian tax man over the

status of the artist. As the law is interpreted in passing there at present, artists are classed as manufacturers. Onley has been asked for an inventory of his unsold prints so they can Rather than pay tax on every print he owns he intends to burn about half his stockswill be cheaper than going to court he calculates.

Clan gathering

For the first time this century, says Scottish Secretary George Younger, Scotland seems to have come through an economic blizzard rather better than other parts of the UK. If so, it may owe something the gathering he was

addressing on Friday - 180 Scottish industrialists, bankers, trade unionists, civil servants and local government members. The Scottish economy is still self-contained enough to get its industrial establishment under one roof. And as snow dusted the tops of the Grampians and

nearby, the industrial clan chiefs gathered at Aviemore at the end of last week, It was the 14th year that past few weeks, such a meeting had been held. Apart from -giving a thorough airing to Federal Bureau of Investigation.

lined up against American Can's viding an effective lobby for week that the prime suspectstheir solution.

> export missions. Their extra distance from kindly to such impositions.

European markets and what they see as an in-built prejudice in favour of south-east England need to be balanced, they say.

From the Irish passport applica-

tion form: "If you were born in Northern Ireland on or after the 5th December, 1922, and none of your parents or grandparents was born in the rest of Ireland after that date or in any part of Ireland before that date, you will need to complete an additional form . . ."

And for those who do not understand English, an Irish version of the form is available

Safety lock

"Are you here for the lock up?" asks the U.S. government official ominously. No, the scene is not sun-drenched beach Grenada but a Kafkaesque corridor in Washington's Commerce Department early on a brisk autumn morning.

And as my reporter found, the "lock up" in question is one designed to stop the stream of embarrassing leaks of the latest economic data which has accompanied almost all the important Commerce Department announcements in the

Apart from calling in the chairman in June, Tsai has been the region's problems and pro- the Government decided last

the journalists who are given Since the Scottish Develop- the information half an hour ment Agency took over its early to prepare their reports-original industrial promotion should be locked in the press function, the gathering has room and forbidden to leave channelled its energies into until the first figures are other activities, like organising chattering over the news wires.

As a further precaution, the But despite growing self-release time has also been confidence, the Scots are still moved from mid-morning to not ready to do without the protection of the Government's regional aids, it emerged.

As a further precaution, the release time has also been motoriously and also been motoriously late risers at the best of times and do not take

"The Chicago futures mar-kets are open at 7.30 am Cen-tral time," a Department official mutters. Is that a threat? If so, and if it really is the journalists who are the source of leaks, it could be mode effective than all the G-men put together. Central time is two hours behind Washington — and a few reporters would want to be "locked up" at six o'clock in the morning, even if the Depart-ment serves tasty pastries and coffee.

Don't call us . . .

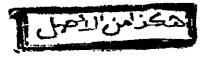
this week the wonders of high communications technology are thrilling the assembled world delegates to Telecom 83, a convention organised by the International Telecommunication Union.

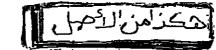
But their hosts, the Swiss, set much store by the good old ways. The FT man at the conference was surprised to discover there were no telephones in the Press room. Surprise turned to disbelief when he found it is not technically possible to make an international reverse charge call from a Swiss telephone booth.

Acting on advice from the authorities he ended up 'phon-ing his story from Geneva railway station-one of the few links between that mountain fastness and the outside world.

Observer







INFLATION ACCOUNTING

Back in the melting pot

By Barry Riley, Financial Editor

ome to the boil once again. ent takes a bit of the heat out being extended to them.
I the arguments. Unfortun. Accordingly the tely, inflation is beginning to erelevate again — if only

ecounts are drawn up, is pre-paring to draft the successor o the existing current cost secounting standard called SAP 16, introduced in 1980. or consideration by the com-nitice at its regular monthly neeting on November 30. There could be another opporunity to discuss the subject in Secember. From then on the lebate will continue in the public arena, because the comnittee is to publish a formal xposure draft in January. In the normal way, a period vill then be allowed for full ublic discussion, leading in iue course to the publication of son of SSAP 16."

In considering the exposure ubmissions and research docucounting sub-committee, companies would be drawn into seaded by Mr Stanley Thom- the net. on of Ford Motor.

he report of the current cost cas published last month. The sorking party, recently chaired y Mr Tom Neville, finance brector of Vickers, included everal users and preparers of

un to the practice of com- When this subsequently gen- dations, about 80 in all.

UST WHEN you thought it accounts, which threatened to as safe to forget about infla-bring the accountancy profes-ion accounting, the whole sion into discredit. Few comorthous subject is about to panies or users of accounts appeared to make substantial For the fourth time in little use of the information, at least hore than a decade the account in the form that it was pubancy profession is trying to lished. And the current cost nawer the problem of how to balance sheet was regarded as misleading, in that users might ion. The signs are that the mistakenly believe that it ubject remains as intractable showed the current value of a nd controversial as ever - the company's assets. Finally, small mly saving grace being that businesses were almost unanin inflation rate of around 5 per mously opposed to SSAP 16

Accordingly the working party proposed substantial changes to SSAP 16. But its members insisted that some Accounting Standards Committee, the profession's body which ets the rules under which sort of adjustment of accounts law for accounts to give a true and fair view.

The working party suggested that SSAP 16 should be amended so that effects of changing Proposals should be ready prices must be shown when or consideration by the comcompanies, not just large and listed ones as with SSAP 16. But different methods of calculating the effects of changing prices should be permitted. No adjusted balance sheet should be required and historical trend by the Retail Price Index.

This approach represented both a relaxation and a tightening of the terms of SSAP 16, On the one hand, companies would have flexibility in making irift, the committee will be adjustments, and need not show suided by a large number of an adjusted balance sheet. However, an adjustment would have uents. Analysis has been the to be shown in the main profit esponsibility of the inflation and loss account, and small

Perhaps the most important month the committee's chair-locument received has been man Mr Ian Hay Davison nessmen, and in doing so trig-gered off a renewed spate of controversy.

standard that even remotely re-sembles SSAP 16," he said. "The These contradictions re

A DECADE OF PROPOSALS

● 1972; ED S. A draft proposal for current purchasing power

• 1974: PROVISIONAL SSAP 7. A finalised system of current purchasing power accounting, never made into a full accounting standard.

● 1975: SANDILANDS REPORT: Report of Governmentappointed committee on inflation accounting, chairman Sir Francis Sandilands. Rejected current purchasing power method and proposed a system of current cost accounting using specific

● 1976: ED 18. Exposure draft designed to implement main proposals of Sandilands Report.

● 1977: HYDE GUIDELINES. After ED 18 was rejected by members of the English Institute of Chartered Accountants, interim voluntary guidelines were published by the Accounting Standards Committee. • 1979: ED 24. Second attempt to produce exposure draft on

rrent cost accounting. ● 1980: SSAP 16. Full current cost accounting standard, imple-

mented for an experimental three-year period Jan 1984: A new exposure draft due to be published by the Accounting Standards Committee.

The signs are that the question of inflation accounting is as controversial as ever

accounts that the standard was flavour. One of the biggest being dangerously diluted, Mr accounting firms, Price Water-

understood. He said his remarks had been "More detailed rules, suitable for larger companies, will be found in guidelines that are not standing of the problem." intended to be applied across the whole range of companies
At the beginning of last large and small."

So would there be effectively both a small company standard and a big company standard? counting monitoring working an inflation accounting standard Apparently not, for Mr Davison variy, a final version of which to an audience of small busi- had also said, "I find it indefensible that on this most important matter we should have one standard of measurement "We are not talking about a for large companies and an-

A few examples give the

Davison made a statement house, considers that it would arguing that he had been misbe "foolhardy" to try to extend understood.

the coverage of the standard while the working party's sugaddressed to small companies, gested simple method of show-in his speech he had also said, ing the effect of changing prices "More detailed rules, suitable for small companies "displays

> It favours continuing with supplementary statements, as does another major firm, Touche Ross, which considers the proposal to bring small companies within the net as "per-The London Society

that the committee's current approach to revising SSAP 16 is likely to "bring the accounting and the obscurities of adjustments for monetary ther for small companies." likely to "bring the account.

These contradictions reflect ancy profession further into disstandard that even remotely recording and undertook a wide investigation of the implemention of SSAP 16 and responses of it.

The working party, not surpnessingly, found there was contained opposition to SSAP and that companies and entirely form the properties of the play a method which is appropriate to their particular objection to the practice of companies and activities."

The working party of adjustments for monetary items and gearing.

The working party, not surpnessingly, found there was complete opposition to SSAP appropriate to their particular of the practice of companies and activities."

The working party of adjustments for monetary items and gearing.

The years of debate have find discompanies and gearing.

The years of debate have find discompanies are public. To allow companies a public. To allow companies are public. To allow companies are

difference and variety in unified accounts and univeraccounting practice." The membership of London Society—by far the most important district society of the English Instituteappears to be widely split on the subject of inflation accounting. A survey of the views of 1,200 members published last week showed that only a small minority — 22 per cent of respondents — is in favour of re-

been prepared to state his views strongly. "If there is one les-son to be learned for the future it is that when a successor to taining current cost accounting SSAP 16 is published it must apply to all entities even if as defined by SSAP 16. Only 37 per cent favoured the use of different methods of adjusting for inflation—but there was no consensus on which different methods are permit-ted," he wrote in Accountancy Age last month.

He added: "It also seems to be nonsense to have two sets of method should be used. Two-thirds thought the adjustments should be shown in notes or

But many users are less cona supplementary statement, rather than in the main cerned about presentation than about comparability. Mr David Damant, a stockbroker and former chairman of the Society A further substantial report has just been handed to the of Investment Analysis, is try-ing to rouse City opposition to the principle of flexibility. But he admits that it is going to committee's inflation accounting sub-committee in the shape of a research analysis by Professor Bryan Carsberg, director of re-search at the English Institute of Chartered Accountants, the be hard to whip up enthusiasm among investment analysts for yet another round of the infla-tion accounting debate.

largest and most powerful of the six parent bodies of the ASC.

Professor Carsberg used different techniques to the monitoring working party to find out what use is made of current cost accounts. His study is believed to show that CC. is believed to show that CCA information is used considerably more than is often claimed

by its opponents.

Only a few of the submissions to the inflation accounting sub-committee have concentrated upon technical arguments. In one of them the Institute of Cost and Management Accountants has proposed a combined system of specific and general price adjustments, heavily influenced by the wellknown views of its president, Mr David Allen.
It is notable, however, that

the committee's thinking billity in the method of adjustappears to have shifted away ment, but large companies will
from the endless arguments have to follow guidelines. committee's Chartered Accountants claims about current cost accounting, that the committee's current current purchasing power

The shift of the debate to more watered down it is likely stitution, to narrow the areas of more practical issues such as to be."

Lombard

Queries on the **Mansion House**

By Samuel Brittan

The Chancellor's recent Man- and not just of cutting it in sion House speech was notable times of inflationary pressure. the committee in 1982, when many more users and preparers were brought in, and the job of for its description of how monetary policy had evolved and for the hints about its future development. But there is a danger of discussion going straight into the pros and cons of the various types of monetary target and technique mentioned by Mr Lawson, without first which these techniques are meant to serve. Until one knows what policy is trying to do, any discussion of the pros and cons of, for instance, target for "very narrow money

takes place in a vacuum. The part of the speech which revealed most was in an apparently throw-away section at the very end when the Chancellor suddenly referred to money (le Nominal) GDP. It read very much as an afterthought, as if someone had said: "We had better say something about Money GDP, as some people are making so much fuss about it." Even so,

have indicated for the years

ahead should lead to a con-

tinuing gradual decline in the growth of Money GDP."

This quotation at once throws

up a major criticism of Govern-

ment financial policy. All the emphasis is on the downward movement of the growth of Money GDP. There seems little

As the publication date for the new exposure draft draws it was, if unintentionally, most revealing. closer, other interest groups are likely to be more easily roused. Mr Lawson referred to "the The big auditing firms, for instance, are likely to protest at approximates to total demand in the economy at the prices of the day." He went on: "The objectives of policy implied that the growth of Money GDP should gradually decline and that within that growth an increasing share should be accounted for by output growth and a decreasing share by inflation. This is exactly what has the idea that companies can pick and choose methods of making inflationary adjustments. Nevertheless the exposure draft is rapidly taking shape.

Its key elements will include: A requirement that all entities reporting under the true and fair convention must report on the effect of changing prices where this is "material,"

Adjustments must be given in the main profit and loss account, probably below the tax line but before the figure for distribut able profit.

sality may reflect the substantial changes in the composition of

leading the inflation accounting programme was given to Mr

accounts."

Certainly Mr Thomson has

Companies will have flexihave to follow guidelines.

There will be no separate current cost balance sheet.

How such an exposure draft

The eventual aim of policy should surely be a growth of Money GDP, say of 5 per cent per annum, consistent with growth at a negligible rate of inflation. Once this stage has been reached the emphasis has to shift from gradual decline to steady growth. This is not quibbling. If the growth of money demand is too low, or falling too quickly, then the changes in wage behaviour required to support employment are unrealistically great.

So far from being a new concept, Money GDP is already used in almost every single study of the behaviour of money, although the fact is sometimes obscured by the use of synonyms such as "income" "total money incomes."

When Mr Lawson referred to

the case for a different target range for narrowly defined money to that for other aggre-gates he referred to the "trend velocity of non-interest-bearing money." However, he does not have to be told that velocity is only a concept which relates Money GDP to the quantity of behaviour of Money GDP, which money. An estimate (or better approximates to total demand in guess) about future velocity is guess) about future velocity is only of use in determining objectives if the person setting them has some idea how he wants Money GDP, or "total demand in the economy" to

If you have some idea of how you would like total money incomes to move, you can, with tion. This is exactly what has the aid of a velocity estimate, happened. And the course I set a monetary target with which you hope might achieve this. If you are unclear what you want Money GDP to do, then one monetary target is as good as another. Nearly all official monetary studies and most academic ones have related monetary growth to Money GDP and then gone on to discuss the split between output and inflation, as Mr Lawson did himself.

concern that a shortfall in Money GDP, and thus in total To revert to an analogy I used some years ago much of demand in the economy can be as had as an overshoot. The word "gradual" does not suffithe technical discussion is on the question of which road will ciently take care of these matbest reach a particular destina-tion, eg Glasgow. It would be more logical to start by discuss-The 1944 Employment White more logical to start by use more logical to sta tion, rightly saw Government else — before plunging into an stabilisation as a matter of argument about which route to maintaining demand over a cycle take.

Tax avoidance by the multinationals

Sir,-As Controller of the state of California and chairreplember 19 1983 and the forrespondence it generated. You are absolutely correct lem. that the multinational corpora-tions try to minimise their states decided, rather than taxes by shifting income from chase the will-o-the-wisp of one country to another. This ves them a great advantage Act their smaller competitors comot minumise their taxes in this fashion and who have to bear the tax burden started on to them by these and multiplationals. The states and ther taxing jurisdictions have

Cancellations of

ENO performances

brom the Deputy Managing Director of English National

(October 22) is correct to be concerned at the cancellation of

two of our performances last week, at very short notice. However, it should be noted

is remining ways of compen-sating for the loss of revenue.

up for the inconvenience caused to a number of our patrons

ithrough the cancellation but at

the arts it is not our intention

to mnore our responsibility to either the funding bodies or the

Mr Hardiman would appear

to demonstrate a naive view of

with the grant authorities.

From the Small Landlords

Association
Sir.—No-one advances false

precepts with a higher tone of

righteous indignation than Shelter (October 19). The

assured tenancy scheme, as they

well know, is available only to a few landlords. And even if

almost all council house subsi-

facts are that council reads are

landlard is not the subsidised

competition from owner occu-

Richard Mantle.

Lendon Conscur S: Martin's Lane, WC2

Assured

tenancies

We are, sadly, unable to make

Sir.—Mr James Hardiman

unfairness. The reason they what the arm's length price

system provides ample administrative means of dealing with exceptional situations that might cause unfair results.

While I agree that there are

Airport noise many years, so far unsuccessfully, concrete examples of

From Mr J. W. Boulton. Association for the Control of Sir,---Unlike the chairmen of

councils (October 21) we wel Authority's efforts to promote a new airports policy for London. For more than 30 years people living in west have suffered from the untrammelled growth of Heathrow, A fourth terminal will (in 1986) add further burdens.

We would, however, agree with Essex and Hertfordshire that the Government has time to make a sound decision. Such a decision would look to the onger-term needs of the South East and provide adequate capacity for future growth. This is why the BAA is opposed to a fifth terminal at Heathrow. A fith terminal would not only be operational and plan-

ning nonsense but would be grossly inequitable for the people living round Heathrow who have already suffered more than their fair share of aircraft

126 Kew Road Richmond, Surrey.

China's offshore oil

of its operation.

contract.

out a technical study appraise the value of the dis-coveries, in particular of the main find, Weizhou 10.3.

Philippe Laurence, Total Oil Group,

Letters to the Editor

From the Controller of the creasingly sophisticated tax sought from the companies for state of California avoidance schemes. avoidance schemes.

After all, who can really say nan of the State Franchise Tax ought to be in each of thousands have not been able to present Aircraft Noise Board which administers Cali- of complicated transactions in orma's unitary tax, I read with a vertically integrated com-treat interest your editorial of pany? The Marc Rich situation leaps to mind as a rather glaring example of this prob-

> allocate profits on the basis of a formula that reflects the eco-nomic reality of multinational corporations. It is a much simpler and far more effective means of insuring that these multinationals do not escape

Seither the mannower nor the knowledge to catch these inpossibilities of abuse, we have

than uneconomic council rents.
If Shelter cares about exploi-

tation it will join us in our cam-paign for a fair balance between

landlord and tenant. But no, the whole thrust of Shelter is to

nail the private landlord even more firmly to the floor.

Shelter also seem incapable of distinguishing between hous-

ing problems and poverty prob-lems. Genuine housing prob-

Small Landlords Association,

From Mr S. W. Penwill, FCA

Sir,-Those who write about the inequities of the Investment

ment income has been penal-

ised for many years before the imposition of that tax.

handed manner by giving a tax discount of 2/9ths on "earned"

income. There was little outery

about it then, although the whole of one's carned income

This, of course, in no way

diminishes the inequity of a penal tax on the individual who

has saved all his life to keep

himself in retirement and not

to become a burden on others,

This was done in a back-

Rosedene Avenue, Streatham

issues. Geoffrey Cutting.

Surcharge

suffered.

pation and council housing. It for any parliamentary candi- Halifar HXI 2BT.

this time of financial crisis in Investment Income

arts subsidy and in particular Income Surcharge seem to

willing to support efforts to negotiate treaties that would establish the acceptable bounds

for a unitary tax formula, I doubt the companies would be willing. For, if the effort were successful, these multinational companies would be unable to use tax havens to such advantage and would be forced to pay their fair share of taxes. Kenneth Cory. Sacramento.

is the fact that under the Rent date who will not actively Act "fair" rents are even lower support the abolition of this S. W. Penwill.

Equity market and inflation

From Mr C. J. Carlyle Sir,-Readers of your Letters

that the majority of our patrons lems. Genuine housing prob-were re-booked into future per-formances, and the management they are confused with other Page with elephantine memories may recall the obser-vation of earlier this year that the equity market has a ten-dency to fall "during at least the initial months of every up-swing in inflation." The yearon-year increase in the RPI reached its trough (3.7 per cent) in May/June while the All-Share Index topped 460 by June before staggering to 466 in August. It has since dropped to 427 (8.2 per cent off the high point) giving the most severe fall for two years. With inflation "expected" to

stabilise at around 61 per cent per annum, the rise in the market's yield base to 5 per cent has now largely removed immediate pressure with much of the good dividend growth for

1983 still to work through. However, the distinct lack of excitement over current 1984 orecasts of strong real growth in both the world economy and UK company profits suggests that either our market, at this level, will prove to have been cheap or, more likely, that the brooding problems of 1985 will bring about a return to negative dividend growth in real

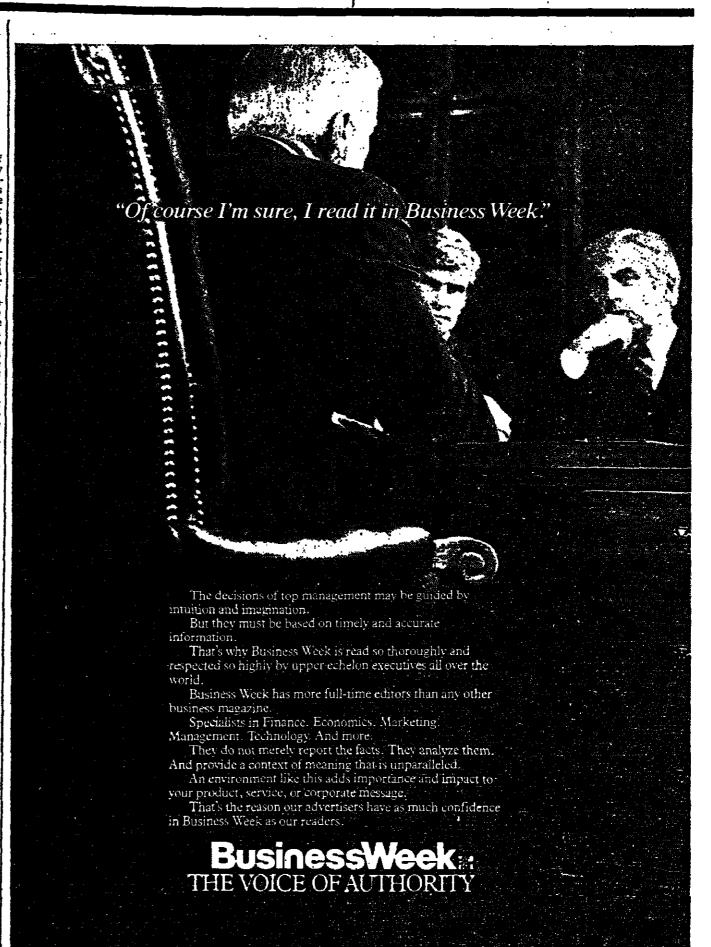
including the State. There is, of course, an terms The latter possibility would exempt amount apparently repdies have disappeared, the resenting the amount by which not yet be adequately discounted, suggesting that, give or take the odd rally in prices, our bureaucratic masters think tacts are that council reals are bastly under-costed, averaging we should limit our savings, about 114 per week in 1982. which limitation could be a equity investment still looks a about £14 per week in 1982. which limitation could be The complaint of the private direct disnecentive to saving. pretty dull proposition. We should make it clear that C. J. Carlyle. we are not prepared to vote

From Total Oil, Paris Sir,—I refer to the article on China's offshore oil, "All Set for the Great Exploration" in the China Survey (October 19). We would like to make some comments on its references to Total, which has recently finished the first phase

The ending of this phase is in accordance with the contractual commitments for the exploration stage. During it the partnership for which Total-Chine is operator went beyond its formal commitments and drilled 14 wells, more than the number specified in the

The second phase, drawing conclusions from the initial exploration results, is now under way. Total is carrying

Completion of the explora-tion programme has resulted in transfer of some of the drilling and related personnel to work of the same kind eisewhere. This is normal manage-ment procedure in the petro-leum industry.



FINANCIAL TIMES

Monday October 31 1983



Terry Byland on Wall Street

Clearing the smoke screen

TOBACCO STOCKS have been playing possum since the anent of highly successful trading performances in the third quarter of the year by the major

But the relative lack of excitement in share prices since Philip Morris and R.J.Reynolds Industries announced their quarterly profits has to be measured against a particularly unsettled market background.

Stocks in the two cigarette mon-archs - Morris, which produces Mariboro and Benson and Hedges cigarettes and Miller Beers, and Reynolds, maker of Camel, Winston and Salem - have held on to their 12 month peaks over a period which has seen the market as a whole turn easier in nervous trading, reflecting uneasiness in the bond markets and the events in the Middle East and the Caribbean.

Moreover, these 12 month peaks were achieved after significant rises in stock prices between July and September of 18 per cent for Philip Morris and 21 per cent for

The immediate response to the quarterly results, which comprised a record profit and earnings at Morris and a 21 per cent leap in earnings at Reynolds, suggest that the market was satisfied with the figures. So far, there has been little evidence of portfolio switching, so often a feature of the two stock

But the sluggishness in share prices may also reflect preoccupation with what is beginning to look like a fundamental shift of opinion towards the industry and to the companies as well.

For, while both Morris and Reynolds came out slightly ahead of forecast for the quarter and Rey-

First 9 Foil months 1983 1982

Pisitip Morris \$692.1m (+14%) \$870m R. J. Reynolds \$654m (-5.8%) \$781.8m

nolds has already increased its quarterly payout, the profit figures

Morris pushed earnings ahead by 14 per cent to a record \$2.27 a share for the quarter, establishing itself firmly as the newly crowned king of the U.S. cigarette market, with a do-mestic market share of 36.3 per

tailed breakdown of profit sources but there is little doubt that, inside the U.S., Morris outstripped the rest of the tobacco industry, or to be more precise, it outstripped Reynoids, its deadly rival.

Moreover, the group which in 1982 took 26 per cent of its operating income from outside the U.S. lifted international volume by an admittedly minor 2 per cent in the

But the triumph over Reynolds in the domestic market looks a bit hollow in view of the sharp dip in the market which showed a decline of 15 per cent in the quarter. Moreover, the international suc-

cess was punctured by the strength of the U.S. dollar which turned a minor sales gain into a 15 per cent fall in earnings for the internation-

Reynolds disclosed that tobacco earnings are down for the third quarter and nine months. Domesti market share is now down to only 28.2 per cent and while international tobacco earnings rose by 13 per per cent of group operating profits last year. cent, this sector brought in only 8.6

The fall in the U.S. market for tobacco profits has been due, in part to special factors. Excise duties were raised at the beginning of the year, pushing prices up just as U.S. consumers became highly cost-conscious in the face of rising un-

A further decline in industry sales, perhaps of 3 per cent or more. is expected next year and it will re-main very difficult for the manufacturers to restore their battered prof-

Consequently, any applause for the success of Morris in the U.S. domestic market should be tempered by the fact that about 62 per cent of last year's operating profits came from tobacco operations which may not have too bright a short-term outlook.

Against this background, a dou-bling of profits at Miller Brewing, a 10 per cent gain at Seven-Up and a substantial rise at Mission Viejo, the housing subsidiary, still means hard work ahead if the group is to meet analysts' forecasts of \$7.25 a share for the full year. Other, less optimistic analysts, would settle for \$7.00 against last year's \$6.23.

In the case of Reynolds, predictions of a fall from \$7.82 per share to \$7.30 this year look more realistic. The transport and energy divisions still look unhappy and are likely to bring in lower profits at

Plessey rejects claims over Grenada airport

BY LYNTON MCLAIN IN LONDON

Salines airport in Grenada has rejected U.S. claims that the airfield was to be a military installation. Ironically the signature on the contract awarded last year to Plessey Airports, prime contractor for

the airport, is none other than that of Mr Bernard Coard, the former Grenadan Finance Minister and leader of the coup that ousted Mr Maurice Bishop and led to the re-cent invasion by U.S.-led forces. In the end it was neither the tour-

st planes for which the airport was planned, nor Soviet transports and fighters as feared by President Rea-gan, but U.S. invasion forces who naugurated the new but as yet unfinished airport and ended the brief rule of the Grenadan military junta. But Plessey is adamant that the new airport was indeed a civilian project with none of the hardened acilities, dispersal aprons or re-inforced control tower which would accompany a military development.

Last night Plessey confirmed that

THE BRITISH contractor heading it wants to complete its contract, port construction site in south-west the construction team for the Port despite the U.S. accusation that it Grenada. was to be a military installation and a link in Cuban-Soviet expansion-

The airport is being built with financial guarantees from the British Government and there had been no requests at any time from the UK Government for Plessey Airports to stop work on the airport.

President Reagan based his claim of a Cuban plot to take over Grenada on the large numbers of Cuban military and paramilitary forces taken prisoner and on the discovery of a complete Cuban military base filled with weapons and cations equipment. Plessey Airports insisted last

night that a U.S. company, which it did not name, carried out the preliminary work of draining a lagoon so that a causeway could be built for the airport.

A U.S. official said after the President's speech last week that the "base complex" was near the air-

Plessey Airports, part of Plessey Electronic Systems in the Plessey group, won the £6.6m (\$9.8m) contract after securing financial backing from the Export Credit Guarantee Department with support from the Overseas Development Agency and the Department of Trade in

Under the original contracts, Plessey Airports was given total responsibility for the "overall project management and the provision of all essential equipment and services to establish an operational airport." The airport was to have a 9,000 ft long runway, work on which was already under way by a few hundred Cubans' before Plessey Airports arrived last year, the com-

Plessey Airports said it employed Grenadans for the work, supervised by 15 Plessey managers and installation engineers. A company spokesman said he was not aware of the company employing Cubans.

Canada urged to raise limit on foreign banks' market share

BY NICHOLAS HIRST IN TORONTO

A CANADIAN Parliamentary com- the ceiling was unnecessary and mittee has unanimously recom- stood out as a "red flag" to other mended the lifting of a restriction, limiting foreign banks' share of to- an banks should be treated. tal banking assets to 8 per cent.

The recommendation comes when the Bank of Montreal, the third largest bank in Canada, is bidding USS550m for the Chicagobased Harris Bancorp and foreign banks in Canada are pushing against the 8 per cent limit.

Foreign banks have lobbied hard to have the ceiling lifted and it was clear that in coming to its decision, the House of Commons finance committee saw the danger that, unless the restrictions were removed, other countries could act to clamp down on the overseas activities of Canadian banks.

Mr John Evans, the committee chairman, said that the committee was unanimous in believing that by only reviewed every 10 years,

countries considering how Canadi-

Foreign banks were allowed to set up in Canada under the 1980 Bank Act. The 8 per cent limit was imposed after lengthy consultations with the domestic banks to preserve Canadian dominance on the domestic banking market.

But in the past few years Canadian banks have pushed hard into the American loan market. In evidence to the finance committee, none of the Canadian banks opposed lifting the ceiling while the Royal Bank, the largest of the Canadian banks, actively supported such a move.

It is not certain, however, whether the committee's recommendation can easily be translated into law, as the Bank Act is normal-

and has not been reopened in the past for the kind of amendment required to lift the ceiling on foreign

Mr Marc Lalonde, the Finance Minister, has said he would be highly influenced by the committee's recommendation in deciding whether to introduce an amend ment, but shortage of parlia-mentary time could also prevent the law from being amended this

At August 31, the domestic assets of the foreign banks amounted to CS17.7bn (USS14.4bn), equal to 7.3 per cent of the total. The ceiling has been most problematical for banks such as Citibank, Barclays and National Westminster Canada, whose assets grew strongly once they

Turks bid for credit terms on N-plant contract

By Our Ankara Correspondent

THREE ALTERNATIVE letters of intent are being prepared by the Turkish Government for the contract to build the country's first nuclear power plant at Akkuyu on the Mediterranean coast.

The move seems to be a last-ditch attempt to get one of the three main companies bidding - KWU of West Germany, AECL (Kandu) of Cana-da and General Electric of the U.S. - to improve their credit terms.

It is taken for granted here that Turkey urgently needs to go ahead with a nuclear power programme. Electricity demand is expected to rise from the present 28ba kilowatt hours per year to around 200bn kilowatt hours per year in the late

tions, with the first to be built at Akknyu and the second near Sinop on the Black Sea, were drawn up more than five years ago but until now finance has been a stumbling

The Canadians, West Germans, and U.S. have recently after much prodding by the Turkish Government come forward with schemes for which credit is largely available. KWU is believed to be offering a 99031W power station at a cost of DM 2.31bn (\$883m), of which DM 1.4bn would be covered by credit from Hermes, a West German com-

pany which provides export insur-General Electric's proposal is thought to be a 1,1203/W power station at a cost of around \$1.1bn with \$600m in export credit, while AECL (Kandu) of Canada have proposed a 635MW plant at a cost of 51bm of which \$800m would be available in credit

The minimum foreign currency requirement of \$200m to \$300m needed to go ahead with any of these bids will not be easy for the Turkish Government, it has already committed itself this autumn were allowed to act fully as banks after the 1980 Act. The foreign banks hope an amendment can be introduced some time next year.

to major spending on the Ataburk Euphrates high dam and a project to build 160 F-16 fighter jets in Turkey at a cost of \$4.25n.

appointed in Grenada

their views on how to pursue those of the U.S. just as the new cruise aims were likely to differ in Central

tion in reprisel for the killing of U.S. marines in Beirut. Reprisal action could be justified

ed: any quick connection between the killings and any particular nation or government could not justify reprisal action, he insisted. Sir Geoffrey conceded that there had been too little consultation be-

tween Washington and London, and that the Americans "had not been year ends, it expects to be able to as frank as one might expect a major ally to be."

far from meeting M Chevenement's retrograde monument of liberal in-initial demands. In his speech on Saturday, he sketched his belief in Ministry of Finance?" But M Che-the coalition government, would as

venement got a cool reception from

The compromise means that M

Chevenement and the Ceres faction

side" the party structure, in return

for what they hope will be some

leftward shift in policy. Their pro-

see old battles re-opened.

missiles are due to be installed. A public opinion poll in yesterday's Sunday Times showed that 73 per Britain would be extremely wary of cent of those questioned mistrusted appearing to support any U.S. ac- U.S. guarantees on joint Anglo-U.S. control over cruise missiles.

In Grenada, U.S. troops under the command of Vice-Admiral Josef Metcalf now number about 5,000 on the ground, with another 10,000 on warships stationed off the coast. They are using helicopter gunships and jet fighters to try to flush out an estimated 350 Cuban and Grenadian forces still in the hills

There was still no news last night of General Hudson Austin, head of the People's Revolutionary Army. But U.S. marines captured Mr Ber nard Coard, the Deputy Prime Min-

well. The compromise also means

that the position of M Michel Ro-

card, now Minister of Agriculture, and the leader of the moderate So-

cial Democrat faction, is also weak

M Jospin is to meet with the

Communist leadership in the near

future, to wern them against step

the Government's domestic and for

ping out of line in their criticisms of

the driving force in the dramatic recovery in the share price so far this year - up from 350p to 580p on Fri-day night. And last week's figures covering the third quarter will give them the warm feeling of having read the recovery in ICI's fortunes earlier and more accurately than most UK investors. Pre-tax profits in the quarter jumped from £58m in the same period of 1982 to £147m. A sharp improvement in the problem petrochemical and plastics area was due more to volume gains, than to currency swings as earlier, while price improvements are now begin ning to make their presence felt. So ICI is on target this year to

The American love affair with ICI

is formalised tomorrow when dealings in the UK stock begin on the big board of the New York Stock

Exchange. U.S. investors have been

tomed to valuing earnings. Stripped

of a notional "full" tax charge, ICI

looked all the cheaper against com-

UK investors and analysts who

had prematurely moved into the

stock last year were quick to dis-

miss the U.S. investment charge in-

to ICI as a quick buck operation. In

restrospect the Americans may

have been very fortunate in their

timing, but much of their recent in-

terest does seem to have arisen

from well-researched analysis of

ICI in the context of a clutch of fa-

miliar U.S. majors. ICI's research

and development, for instance, has

held up better than that of most of

the U.S. majors. Its output per man

has been increasing fast enough to

overtake the West German majors

and approach the U.S. standard.

Moreover, Americans have been

particularly impressed at the way

ICI's heart drugs have been able to

fend off Merck, one of the most

powerful U.S. pharmaceutical com-panies on Merck's own home

Underlying such specific factors

is the rapid change in the direction of the company since John Harvey-

narable U.S. stocks.

Jones became chairman last year. ICI is working on building up the proportion of turnover in speciality products, such as pharmaceuticals. pesticides and paints. These have match the peak pre-tax profits of £613m in 1979 - and, in contrast to moved up from about 40 per cent of non-oil turnaver in 1979 to 45 per that year, stock profits will be a cent this year. Moreover the numminimal element in the outturn. ber of products in this category The turnround partly reflects the proze to marked cyclical move cyclical recovery in the economies of the developed world now under ments, notably dye-stuffs, has been falling. The aim is to push the proway, and an unwinding of the deportion of speciality products to 55 per cent, although this is likely to pressing impact of the high valua-tion of sterling after 1979. For Americans, the attractions of catchtake four or five years. ing a cyclical turning point in the chemicals industry in the shape of ICI were enhanced by what they perceived as the idiosyncratic way the UK market had been accus-

THE LEX COLUMN

New chemistry set

Ambitions

In the commodity product areas the group is pursuing a three-pronged strategy. In some products it has expanded in order to gain a position of market dominance. The purchase of Albright and Wilson's fertiliser division earlier this month was one example of this, as was the acquisition of Lonza to deepen the company's PVC markets. Elsewhere ICI has withdrawn completely - as from polyethylene products in last year's deal with British Petroleum. The write-off of the investment in the Corpus Christi U.S. cracker venture, along with the disposal of U.S. gas and oil interests designed to provide feedstock for this commodity business also re-flects the curbing of bulk chemical ambitions. Other parts of the commodity business are being maintained as a supply source for higher value added products, but capital investment is confined to maintenance levels.

The financial implications of this strategy have been emerging with great clarity in the last few months - and the strength of cash genera-tion has caught the company itself off guard. Indeed, at break-even or better the petrochemical and plas

for Wall Street penditure, in the region of £500m only a few years ago, is now running below 6300m, while working capital may rise this year by only \$120m or so. The cash inflow - of perhaps \$200m - will pull not debt down from 48 per cent of shareholders funds at the end of 1982 to about 33 per cent at the end of this year, and the drop is set to accelerate next year. With £100m of loan repayments to fund each year, in retrospect there was hardly a burn-ing need for ICI to issue its \$100m

bond last May.

In this light the rumours in the UK stock market earlier in the year that the company was planning a rights issue look particularly illlounded. To the contrary, since ICI's target growth divisions re-quire relatively little capital, the true problem for the board is how to use the cash that is now boing amassed. At least this financial background should simplify deliberations on the dividend. A pay out this year matching, or even exceeding, the 1970 peak of 23p net would not be surprising.

UK stockbrokers are now moving up their estimates of next year's pre-tax profits to conform with US projections in the C850m region. On this assumption the present level of the share price is hardly extrava-gant. Adjusting the profits to the Li-to besis familiar in the U.S. - reducing them by, say, 15 per cent - and assuming that the tax charge moves up from 34% per cent to 37 per cent, the pie for 1984 emerges at about 7%. This compares with multiples of 19 to 12 for Dow Chemical, Du Pont, Celanese and Hercules, and around 85 for the lower quality Union Carbide and Montan-Fear of the next cyclical down-

turn already appears an inhibiting factor for many domestic investors. But the chemical upswing this time is likely to be quite extended. ICI, with its chlorine-based PVC technology, will also not face the brunt of competition from the new Middle East petrochemical plants. As ICT's speciality products go on expanding, an economic downturn later in the 1980s should hurt it less than in the past. A savage squeeze, produagain in the vulnerable commodity businesses, might reduce overall pre-tax profits by only 20 per cent or so, compared with the 54 per cent. decline suffered in 1989. Mr Harvey-lones will scarcely be shy in better the petrochemical and plas putting that message across on Wall tics division is generating cash in Street tomorrow.

British Airways expects | Administration to be over £100m earnings

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

BRITISH AIRWAYS is expected to more than £100m (\$149m) for the first half of the current financial year after interest and tax.

fore the airline's board at its regu-

lar monthly meeting on Friday and will be publicly announced the The net profit for the half year is still being computed but could be as high as £130m, stemming from the substantial improvement in passenger and cargo traffic experienced

this summer, especially on the North Atlantic air routes. Another major contribution has been the substandial cost reductions in the airline arising from its extensive retrenchment programme of the past

Continued from Page 1

to the Government's overall eco-

the plan; and the partial legitimising of temporary import control and

On foreign affairs, the pro-U.S.

character of French foreign policy was toned down by eliminating a

eassage which suggested that in the

East-West balance France stood closer to the U.S. But the resolution

still emphasises that France is part

safeguard measures.

of the Atlantic Alliance.

nomic policy and the directives of

For the 1982-83 financial year the announce this week net profits of net profit was £80m, after the massive loss of £544m in 1981-82, although that figure included heavy redundancy payments and other The precise figure is to be put be-

British Airways still has to face the winter, however, traditionally a period when traffic declines and profits are either reduced or whittled away entirely. British Airways remains confident that, because of its extensive

cost-cutting campaign and its efforts to improve the overall quality of its service to passengers and car-go shippers, it will come through the winter strongly. By the end of next March, when the financial show an overall profit for the full

policies based on a combination of

sures, a temporary French with-drawal from the EMS and import

controls. He warned that to accept

cept electoral defeat, adding that

deflation created unemployment

and prevented modernisation.

French Socialists in economic policy shift

more expansionist budgetary mea- a conference that did not want to

2.8m unemployed in 1986 (as have lost much of their freedom to

against some 2m today) was to ac- criticise the Government from "out-

Continued from Page 1

on the need to protect democracy, ed by new signs of public mistrust Sir Geoffrey also indicated that

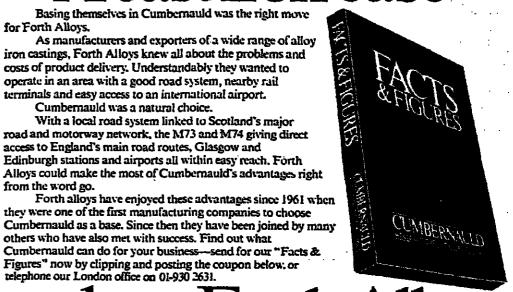
only if the groups or individuals directly responsible could be identifi-

Basing themselves in Cumbernauld was the right move for Forth Alloys.

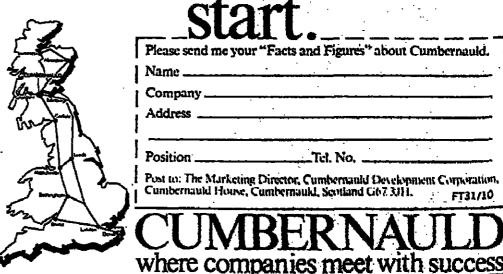
As manufacturers and exporters of a wide range of alloy iron castings. Forth Alloys knew all about the problems and costs of product delivery. Understandably they wanted to operate in an area with a good road system, nearby rail terminals and easy access to an international airport. Cumbernauld was a natural choice. With a local road system linked to Scotland's major

access to England's main road routes, Glasgow and Edinburgh stations and airports all within easy reach, Forth Alloys could make the most of Cumbernauld's advantages right from the word go. Forth alloys have enjoyed these advantages since 1961 when they were one of the first manufacturing companies to choose Cumbernauld as a base. Since then they have been joined by many

others who have also met with success. Find out what Cumbernauld can do for your business-send for our "Facts & Figures" now by clipping and posting the coupon below; or



-or how Forth Alloys got it right from the



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He struck directly at M Delors, in spective isolation outside worried asking: Is it not time to reform that the Government which feared that, The amendments, however, were ICI's U.S. road show

Continued from Page 1

acquisitions and money-raising activities - their services for the ICI road show and share listing have been thrown in at no cost.

There are times when people buy stock without thinking," says Mr Kent Van Allen, first vice president at Smith Barney. "These are the ones who can sell without thinking, too. They aren't the investors we are aiming at," he says. "We want educated investors."

In order to facilitate this teaching job, ICI has hired a Falcon 50 threeengine jet to take Mr Harvey Jones. his lieutenants, their slide projector

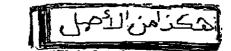
Sachs, are also counting on future various bankers and a large box of the chairman's favourite Ceylon tea around the U.S. this week.

Their day in New York will be followed by a day in Chicago, a few hours in Boston, a morning in Los Angeles, a sprint to San Francisco and then home to London on Friday night from Los Angeles.

Chairmen of large British companies shouldn't recoil from their schedule - they may be next. Mr Van Allen says he is "personally" negotiating with a number of large multinationals based in London on the possibility of a New York listing

\$ 23 13

World Weather





SECTION II – COMPANIES AND MARKETS FINANCIALTIMES

Monday October 31 1983



Keen compete to arrange new rian jumb Keen competition

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

sense of the good old days with its low margins might make for a dislatest jumbo loan. Competition for the mandate is more intense than any the market has seen for a long

Thursday at least three groups of a sign of a general revival in the large banks had submitted offers to market. For the most part, deals arrange the credit. All of the offers now being launched remain rather were understood to be on terms finer than the \$700m, eight year credit encouraging banks to look at new arranged by the energy concern Sonatrach earlier this year.

That credit bore a margin of 1/2 That credit bore a margin of % car manufacturer is raising \$70m per cent over Eurodollars for the first two years rising to % per cent volving underwriting facility led by thereafter. The finest bid Algeria received last week is believed to the first time that an industrial corcontain a margin of % per cent for six years rising to 4 per cent only for the last two.

Moreover the response has been gramme in the U.S. such that banks are now expecting Algeria to aim for an amount at the three and six month notes bearing upper end of the \$500m to \$700m turget range for the loan. The credit is to be raised in the joint names of the Banque Exteneure d'Algerie and the Banque Nationale d'Algerie and a mandate is expected shortly, on a club basis for an undisclosed possibly early this week.

In some respects the response to Algeria's deal is not surprising. Al- advantage of the current fashion geria is regarded as a quality risk for sterling loans to launch a £50m. and has been making net repay- two year financing for its trading ments of its foreign debt to interna-tional banks this year. There is thus by the Hungarian National Bank, a particular shortage of Algerian this deal is being syndicated by assets in the market at a time when Barclays and offers lenders the banks are generally starved of good chance to choose between a bankquality international lending oppor- ers' acceptance facility with a com-

bankers has been the speed with over domestic sterling interbank which the old-fashioned rate-rates. cutting mentality reappeared in the credit market at the first sign of an signing last week of a Y16bn co-alluring deal. Lead managers may financing loan arranged for Hunwell be ready to trim their prices to gary by the World Bank and a conobtain a mandate, but several bank- sortium of 19 Japanese banks

ALGERIA has revived a nostalgic ers also pointed out on Friday that appointing sale of the deal to smaller market participants in syndica-

It would also be wrong to assume, By the time bidding closed on they say that the Algerian jumbo is small and the dearth of business is techniques of financing.

> For example, Volvo, the Swedish Merrill Lynch. This is believed to be poration has been tempted into the market for such an operation which is akin to a commercial paper pro-

> The facility entitles Volvo to sell interest at the London interbank bid rate for Eurodollars continuously for a period of three years to a maximum amount of \$70m. The facility is underwritten by five banks

Elsewhere, Hungary has taken mision of % per cent and a straight But a source of concern to some credit with a margin of % per cent

The launch of the loan follows the

INTERNATIONAL BONDS

Demand for FRNs unshakeable

BY MARY ANN SIEGHART IN LONDON

DEMAND for floating rate notes has been hotting up all year, but now it appears to be so strong that investors have almost ceased to care about the maturity of the is-

sues they buy.

The secondary markets in the recent jumbo issues have become so liquid that whether a bond has a five or 15-year life has become all

This was Credit Suisse First Boston's reasoning in bringing a \$500m FRN for Sweden to the market on Friday with a 20 year life. It pays 1/4 oint over the mean of the London interbank bid and offered rates and carries the sweetener of put options at par after 10 and 15 years.

Only one FRN issue, for the French agency Caisse Centrale de Cooperation Economique, has had such a long maturity, and that had a sinking fund which brought the average life down to 15 years.

CSFB evidently read the market right - despite its relatively tight terms, the issue was a "blow-out",

pared with its selling concession of through a three or five-year floating 0.80 and total front-end fees of 1.40

per cent. Mr Peter Engstrom, Director of the Swedish National Debt Office, said on Friday evening: "The initial reception has been far better than I reception has been far better than I matching requirements, so though had anticipated, or even dared to the margin may be slightly smaller anticipate. But it's better to be on than on a loan, the cost of funding this side than to price it too tightly and let it flop in the market."

Will it be increased like the last Sweden jumbo? "The problem is that we don't need the money," he

It is hard to tell exactly where all this demand is coming from. Obviously the banks are good buyers and some institutional investors are interested, too. The Japanese banks, in particular, have been keen to invest in floaters, mainly because of Ministry of Finance regulations.

As one dealer explained: "The key is that the bigger the deal, the greater the liquidity and the more money goes into it." Dealing day. Wednesday and Thursburghest too.

If they want to take part in syndicated loans, they have to match a significant proportion of the asset with medium-term liabilities. In trading on Friday afternoon at a other words, they have to borrow at They have in effect, become a shortdiscount of just 0.35 per cent, com- medium-term rates, usually

rate certificate of deposit. Since these have to pay a margin over Libor, the spread left to the bank is relatively small. With a FRN, by contrast, they do not have is lower. This makes the spread

more attractive. The growth of investor interest in ket their assets. Unlike loans, bonds have a secondary market and the increasing liquidity of the FRN oyant. Friday's news of a \$2.4bm sector is beginning to fuel itself fall in M1 - better than the market

spreads in floaters tend to be around 0.1 per cent, compared with ½ per cent on straight bonds, so they are ideal as a depositary for spare cash on a short-term basis. term money market instrument.

Apart from the Sweden jumbo, last week was a poor one for new is-sues. Dart and Kraft, the U.S. food company, came out with an issue of "exchangeable units," or bonds with warrants to buy not the borrower's shares but stock in Minnesota Mining and Manufacturing (3M). The bonds, too, were convertible into

The dollar secondary market was firmer than its New York counterfloaters is also due to the general part last week, considering the sur-desire by banks to be able to mar-prise rise in the U.S.'s M1 measure of money supply.

3M shares.

expected - should cancel out some

In Europe, markets were extremely quiet all week. In Switzerland, prices of seasoned bonds closed unchanged, but the dual currency bonds took a knock; some fell by as much as a point and a half on

France introduces state company finance instruments

shares.

BY DAVID MARSH IN PARIS

ing its leading industrial companies funds needed itself to plug its losses - on exceedingly good terms for and finance new investment. It shareholders - France's Socialist therefore had no choice but to discovered the best of the bes Government has now introduced a rect some of the better-performing set of capital market instruments to companies towards raising capital help finance state-owned groups from the French market. But it These again offer relatively gen-could hardly ask them to issue erous conditions.

They are the so-called titres participatifs, a non-voting loan stock somewhere between a bond panies have made such issues during the last few months worth a total FFr 3.9bn (\$487.9m).

The titre participatif (TP) was brought in to fulfil two-fold aims. The 11 major companies under the control of the Industry Ministry (including not only the newly nationalised ones but also some long-standing state groups like Renault) lost nearly FFr 20bn last year, and the figure will probably not improve

The Government quickly found it Poulenc issues met heavy demand.

MORE than a year after nationalis- could not afford to put up all the

The TP, which provides the companies with a form of permanent capital akin to equity, but which inand a share. Five nationalised com-volves no dilution of government shareholdings, was the halfway-house solution.

All the TPs issued so far - for Saint Gobain, Rhône-Poulenc. Thomson, Compagnie Génerale d'Electricité and Renault - carry yields based partly on a fixed interest portion (normally making up about two thirds of the yield), and partly on a measure of the compa ny's financial performance.

The Saint Gobain and Rhône

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CURRENT INTERNATIONAL BOND ISSUES

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Brit

Britoil Finance B.V. U.S. \$125,000,000

11% per cent. Guaranteed Notes Due 1990

Uncondensable and univocable granumted as to payment

Britoil plc

Goldman Sachs International Corp.

Amro International Limited Lehman Brathers Kuha Loeb Samuel Montagu & Co. Limited

Merrill Lynch Capital Markets N. M. Rothschild & Sons Limited

Deutsche Bank Aktieugesellschaft

Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited

Banque de Paria et des Pays-Bas (Sustae) S.A. Barclave Bank Groop usche Hypotheken- und Wechsel Bank Shih Eastman Pauer Webber Chang Manhattan Capital Matheis Group Carrery Lapital Markets Groom Crediantial Bankveren Darma Europe Richard Dans & Ca. Den Danister Bank Den northe Credibank

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Smerr & Fredhader Strages, Turnball & Co.

S. G. Warberg & Co. Ltd. Yasada Trent Europe This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.



Bank of Tokyo (Curação) Holding N.V.

(Incorporated with limited liability in the Netherlands Antilles)

£30,000,000

Guaranteed Floating Rate Notes Due 1990

unconditionally guaranteed by

The Bank of Tokyo, Ltd.

(Incorporated with limited liability in Japan)

Issue Price 100 per cent.

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Barclays Bank Group Credit Suisse First Boston Limited Lloyds Bank International Limited

Nomura International Limited

Algemene Bank Nederland N.V.

Banque Nationale de Paris Crédit Lyonnais Deutsche Bank Aktiengesellshaft Samuel Montagu & Co. Limited Westdeutsche Landesbank Girozentrale

The 540 Notes of £50,000 each and the 600 Notes of £5,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange of the United Kingdom and the Republic of Ireland, subject only to issue. Interest is payable quarterly in arrears, the first interest payment date being 21st February, 1984.

Particulars of the Notes, of Bank of Tokyo (Curacao) Holding N.V. and of The Bank of Tokyo, Ltd. are available from Extel Statistical Services Limited and may be obtained during normal business hours up to and including 14th November, 1983 from:-

> Strauss, Turnbull & Co. 3 Moorgate Place, London EC2R 6HR.

31st October, 1983.

Malaise re-inforced by Senate's delay on debt ceiling

buying interest in evidence last debt crisis — international week Wali Street's credit financial problems coupled markets were going nowhere with heightened military ten-

The market malaise was The market malaise was pacted the short end of the reinforced by the scheduled, but market drawing overseas instill uncertain, timing of the record \$16bn mid-quarter refunding due to start tomorrow hut which could be delayed by the Senate's failure, to date, to raise the current Treasury debt ceiling of \$1,389bn.

Even the late Friday rallyspurred by another unexpected

U.S. INTEREST RATES (%) Week to Week to Oct 28 Oct 21 Oct 28 Oct 27
Fed funds wkly aver . 9.36 9.36
Three-month CDs 9.23 9.18
Three-month T-bills ... 8.64 8.64
30-year Treas bond ... 11.68 11.48
AAA Utility 12.75 12.38
AA Industrial 12.63 12.38
Source: Salomon Bros (estimates). In the week ended October 19 M1 fell by \$2 4bn to \$517.4bn.

fall of \$2.4bn in ML, all but reversing a revised \$2.6bn gain the previous week, failed to make up for the earlier price declines. As a result the Treasury long bond closed down about half a point on the week at 102 3-8 to yield 11.71 per cent. The most noticeable feature of the market in recent weeks

has been the sharpening slope of the yield curve. Within the ast month the long bond yield past month the long bond yield has moved up by almost 30 points. In contrast the threemonth Treasury bill rate has dropped by around 15 basis points to 8.59 per cent at Friday's close—and this has happened while the Fed funds rate has basically stood still. Market analysts suggest that fundamental reasons for the

heightened yield curve are the relative scarcity of Treasury bills resulting from the Treasury's ability to pay down bills, and investors demanding the now almost traditional premium at the long end ahead of a large volume of new supply. Wall Street economists suggest a third, and more recent, reason. While there is only limited evidence as yet of a "flight to quality"—crtainly not of the magnitude that hit the

vestors to short-maturity dollardenominated securities. Despite this however the market's current over-riding preoccupations remain with Fed monetary policy, the deficit

sions, particularly in Lebanon

and the Caribbean, have im-

and the economy. For the moment with the monetary aggregates, including MI, safely within target the consensus is that the Fed is unlikely to change course soon

In the meantime the U.S. economic recovery, while con-tinuing to show some marginal signs of slowing its hectic pace, remains strong.

While there has yet to be any evidence of 'crowding-out' in

unless other factors force the

the U.S. credit markets that has not lessened the markets' concern about the potential longer term clash of high deficits and percieved pent-up private sector funding needs.
The mid-quarter refunding, consisting as expected of \$6.5bm of three-year notes due for auction tomorrow, \$5.25bm of 10-year notes planned for sale

been heightened in the run-up land, who has been president and to this refunding by the Senate's chief executive officer, becomes delay in approving the higher chairman, and Mr Matthews, who Treasury debt ceiling. The delay, principally the result of a wide range of 'extraneous' amendments being tagged onto the bill, has already resulted in the president formerly executive vice-like the property of the of a planned \$7.75bn one-year

note issue.

This lack of any clear direction has also spilled over into the corporate markets which also registered price losses last week. First Boston registered a mere two new corporate straight debt issues totalling

Paul Taylor As chief executive Mr Mat-

Corporate restructuring at GATX

planning a major corporate restructuring.
Mr James Glasser, GATX's

has been reviewing how to maximise the long-term value of its shares and has concluded that the group can provide the best return to shareholders by concentrating on its service orientated base of businesses, including terminals, financial services, and the rail-car leasing portion of its transport subsidiary.

As a result the company intends to pull out of a number of manufacturing operations of which the most important is the manufacture of rail tank

The company has also decided to divest itself of two of its special manufacturing units, Pollock and Tank Erection.

Westinghouse Spain seeks receivership

move comes after a split in the top management of the Spanish Mr James Glasser, GATX's subsidiary over the strategy chairman, says that the group that should be adopted.

Spanish majority controlled by the U.S. group, is a leading producer of heavy electrical equipment, including for Spain's nuclear factories and employs about notifying them of his decision.

less than 18 months after a Pta 4bn (U.S.\$ 26.4m) restruc-turing plan, backed by the previous centrist administra-

GATK, the biggest lessor of tank rail cars in the U.S., is to of the U.S. is applying to place meet their obligations but whose make a \$100m write-off in its fourth quarter. The company is balving its dividend, forecasting a loss for the year, and drop in orders. The surprise ment of receivers to supervise a make company and appointment of the company said. rescue plan. The company said it was making the application as a protective measure.

> The move follows the sudden resignation on Friday of Sr Santiago Foncillas, the company chairman, who was reported to have opposed such a drastic move. Sr Foncillas sent letters power programme, which is to Sr Carlos Solchaga, Minister being sharply cut back by the of Industry, and Sr Miguel Socialist government. It has six Boyer, Minister of Finance, Westinghouse Spain had sales

> The company's decision to of Pts 10.6bn (\$71m) last year. lodge a court application for with profits of Pts 659m. Howsuspension of payments comes ever, like other companies in the sector, it has been but by the recession in the construction industry, a slowdown in purchases by electrical utilities, problems in the sirel sector, and Suspension of payments is a a drop in orders from the state pre-bankruptcy procedure for railways.

North American Quarterly Results

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	136.30	1350	iget beiget afatteteren.	Les	84	**************************************	17.3	
\$ \$19855			Carrie farrage of annual contract and	-	-	Het profite		-
C DOC MANY	2,34	9.76	Her per shart			HOL DE MINKONSONERUS.	4.73	0.61

thews also becomes chairman of ning, for EATOX CORP. He will . Mr William W. Scranton,

Major job swap at Mitel

• MITEL, the Canadian teleon Wednesday, and \$4.25bn of communications group, has made a major change in its top man-package designed to raise \$10.1bn in new cash towards a and Mr Terence Matthews, the \$42bn target this quarter — two co-founders of the company. serves only as a reminder of which made its first ever loss in the problem. he problem.

But market uncertainty has have swapped jobs. Dr Cowp-

the bill, has already resulted in the postponement last Thursday president, finance, was appointed executive vice-president and chief operating officer. The company said that the move was to allow Dr Cowpland to concentrate on the technological aspects of the business and Mr Matthews to "continue his dynamic role in the area of business develop-ment." Mr Glbbs will continue to be responsible for the day to day running of the company.

the executive committee, the senior policy and decision mak-ing body of Mitel. Dr Cowpland was recently appointed chairman of a new Mitel subsidiary, Trillium Telephone Systems, intended to manufacture and market equipment for the consumer

promoted to chairman and chief executive officer of ENGELHARD CORP.'s industries division and Mr Cyrus H. Holley has been Mr Cyrus H. Holley has been appointed president and chief operating officer. Mr Colton, a senior vice-president and director of Engelhard Corp., joined the company in 1978 and was appointed president of the Engelhard industries division in 1981. Mr Holley, a vice-president of Engelhard Corp. is inselled in of Engelhard Corp., joined in 1979 and has served as executive vice-president, operations of the minerals and chemicals division.

appointed president of W. GREENWELL INC., and will be taking up his appointment in New York on November 1. He will remain a partner of W. Greenwell & Co. • Mr John L. Forbis has been

elected to the new position of vice-president, strategic plan-

• Mr J. A. Rickards has been

be responsible for Eaton's over-all strategic planning process, in-



Mr John L. Forbis, vicepresident, strategie planning, Eaton Corporation.

cluding merger, acquisition and divestiture ectivities. Mr Forbis comes to Eaton from McKinsey

@ Mr Mare Bernsert has been appointed London representative of KREDIETBANK in succession to Mr Mare-Rubert Heary who is taking up a new position in Kredietbank SA Luxembour-

U.S. DOLLAR

INTERNATIONAL APPOINTMENTS

former governor of Pennsylvania and former ambassador to the UN, has been elected to the board of H. J. HEINZ CO.



order to pursue his principal responsibilities as managing director of NFC International Holdings. Moldings.

Mr Allan Cooper has been ap-

pointed regional marketing manager, seconded to DEUTSCHE WESTMINSTER BANK a wholly-owned subsidiary of National Westminster Bank. He will be based in Hamburg. Mr Cooper was assistant regional manager in NatWest's eastern Europe and Scandinavia region

based in London. Mr Buel T. Adams has loined CBI INDUSTRIES INC. as vice-president, treasurer. He was vice-

president and chief Engacial officer of The Richardson Co. omeer of the Richardson Co.

As part of the reorganisation of the BSR group intended to shift more world-wide decision-making to its Hong Kong base.

Mr Paul W. Helgesen has been appointed director of operations from November 1. Mr Helgesen, who is an international lawyer by training most recently served by training most recently served BSR as general counsel to the group's U.S. operations. He will be based at the group's head-quarters in Heng Kong. · Mr Zane E. Barnes has been

elected chairman of the board and president and designated chief executive officer of the recently formed SOUTH -WESTERN BELL CORP. He will also continue as president of Southwestern Bell Telephone Co., one of four subsidiaries of Southwestern Bell Corp. The following were elected officers of Southwestern Bell Corp. and also four the eventure for Southwestern Bell Corp. and also Louis G. Balley, vice-president, chief financial officer; Mr Gerald D. Blatherwick, vice-preside public relations; Mr James F. Hanks, vice-president, personnel; Mr John E. Hayes Jr., vicepresident, revenues and public affairs; Mr Jee H. Hunt, execu-tive vice-president; Mr Edgar Mayfield, vice-president and

general counsel; and Mr Robert G. Pope, vice-president—strategic planning. Also elected were Ma Ann Goddard, secretary, and Mr B. McRao Geschwind, treasurer. AQUANAUTICS CORP. of California, has named Mr Claude L. Gazz its chairmen, president, and chief executive officer. From and chief executive officer. From 1970 to 1979. Mr Ganz was chief executive officer of Dymo Industries, Inc., which was acquired by Esselte in 1978. He continues to serve on the board of Dymo, now Esselte Dymo, based in Stockholm.

 Mr R. H. "Tim" Stevens has been appointed manager, Switzer-land, of BRITISH AIRWAYS. He was terminal manager, passenger and cargo, at John F. Kennedy airport in New York.

Mr John P. Finnetty has been elected a senior vice-president of NATIONAL WESTMINSTER BANK USA. He is division bead form the executive for South of human resources with offices western Bell Telephone Co.: Mr in West Hempstead and Wall Street. He joined the human resources group to 1968 and was officer in 1972, assistant vicepresident in 1975, and vicepresident in 1979. e Hr David Richard, has become manager of the newly-opened Zurich branch of GRINDLAYS BANK, London.

This announcement appears as a matter of record only.

SEPTEMBER 1983

U.S. \$150,000,000

Houston Natural Gas Corporation

HNG

Revolving Credit Facility

Arranged by

Credit Suisse First Boston Limited

Funds provided by

Algemene Bank Nederland N.V.

Amsterdam-Rotterdam Bank N.V.

Banque Bruxelles Lambert S.A.

Banque Internationale à Luxembourg S.A.

Banque Nationale de Paris

Berliner Handels- und Frankfurter Bank

Commerzbank

County Bank

Creditanstalt-Bankverein

Crédit Lyonnais

Credit Suisse

Credit Suisse First Boston

Genossenschaftliche Zentralbank A.G.,

Kredietbank S.A. Luxembourgeoise

Kredietbank N.V.

The Mitsui Bank,

Société Générale

Osterreichische Länderbank Aktiengesellschaft

Credit Suisse First Boston Limited

Agent Bank

Festured Sed Offer day waters Yield 0 100 981, 981, 491, 491, -01, 11.45 0 105 981, 981, 491, -01, 11.45 0 105 981, 981, 491, -01, 11.45 12.5 1001, 1001, 401, 491, 491, 10.88 12.5 1001, 1001, 401, 491, -01, 12.61 75 981, 981, 491, -01, 12.61 75 981, 981, 491, -01, 12.61 75 981, 981, 491, -01, 12.61 75 981, 981, 491, -01, 12.61 10.81, 10

CTHER STRAIGHTS Issued Bid Offer day week Yield Farm Cred: 124 90 CS 75 186's 29's -0's +0's 12.43 Norcen 124 93 CS 60 198's 29's -0's +0's 12.43 Norcen 124 93 CS 50 198's 29's -0's +0's 12.30 Quebec Hyd. 123 93 CS 50 150's 160's 0 -0's 12.85 Norce Canada 12 98 CS 75 189's 100's 0 -0's 12.24 Xarox Canada 12 98 CS 40 1102's 102's +1's -6's 11.35

FT INTERNATIONAL BOND SERVICE **EUROBOND TURNOVER** (nominal value in \$m)

Cedel U.S. \$ bonds

Last week..... 6,246.0 12,033.0 Previous week 9,023.4 16,512.1 Other beads Last week..... 1.247.5 Previous week 1,765.2 1,867.7

* No information available-

previous day's price. † Only one market maker supplied a price.

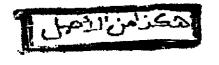
STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon snown is minimum. C.dte=Date
next coupon becomes effective.
Spread=Margin above six-month
offered rate (2 three-month;
§ above mean rate) for U.S.
dollars. C.cpn = The current
coupon. C.yid = The current
yield.

CONVERTIBLE BONDS: Denominated in dollars onless
otherwise indicated. Chg.day =
Change on day. Cnv. date = First
date for conversion into shares.
Cnv. price = Nominal amount of
bond per share expressed in
currency of share at conversion
rate fixed at issue. Prem = Percentage premium of the current
effective price of acquiring
shares via the bond over the
most recent price of the shares.
The list shows the 200 latest The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Krediethank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque du Luxembourg SA; Banque Internationale Luxembourg: Kredietbank Luxembourg: Algemene Bank Nederland NV; Algemene Bank Nederland NV:
Picronn, Heldring and Picrson;
Credit Sulsse/Swiss Credit Bank:
Union Bank of Switnerland:
Akroyd and Smithers; Bank of
Tokyo International: Rlyth,
Eastman, Painc, Webber International: Chase Manhattan:
Cuticorp International Bank:
Credit Commercial de France
(Securities) Landon: Daiwa
Europe NV: EBC: First
Chicago; Goldman Sachs International: Cambris
Bank; IBJ International; Kidder

national Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Floming and Co.; Scandinavian Bank; Sociate Generale Strauss Turnbuil; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on October 38



Book distribution boosts Websters Group to £0.4m

sales and profits has been achieved by the Websiers Group of printers, publishers and wholesale book distributors. In the first half of 1983 all divisions the first half of 1983 all divisions have performed well, with the book distributing side showing a considerable advance from the depressed trading conditions of the earlier months of 1982.

For the period turnover moved up by £3.49m to £20.3m, while the profits before tax advanced from £135,000 to £405,000. The directors are confident about the second half, but the critical factors will be the buoyancy of tradsecond half, but the critical factor will be the buoyancy of trading during the pre-Christmas period. In the comparable six mouths of 1982 sales reached £23.5m and profit was £1.33m.

The first half profit was struck after interest paid of £153,000 (£54,000) leaves the net profit at £243,000 (£81,000) for earnings of 2.06p (0.69p) per share. The interim dividend is range and quality of the Felix (video teaching system) products before emharking on a major sales drive. This extension of the major that the profit market of revenue.

(video teaching system) products before emharking on a major sales drive. This extension of the major that the profit market of revenue.

However, the directors are confident that it has increased the prospects for Felix, which is expected to achieve a trading profit in the last quarter of the share. The interim dividend is

TODAY
Interime:—Gieves, Scott and Robertson, Tata of Leeds, Viking Resources
Trust.

Clayton Son cuts loss but omits interim

ALTHOUGH inroads have been and are expected to continue to be, made into the losses at Clayton Son and Company (Hold-lings), the directors have decided to pass the interim dividend. Last year the payment was

0.9317p net.
They point to the decreasing amount of trade at present available to the company's industry. able to the company's industry, and say the main cause of a first half loss of £155.098 was the under-utilisation of plant in the fabricating and contracting section, together with the cost of relocating the pipe mill.

Principal products of the group are gas and oil storage tanks, pressure vessels, steel fabrication, mechanical and hydraulic machinery and machine tools. In the comparable

machine tools. In the comparable period of 1982 the group incurred a loss of £604,000, and this had been reduced to £575,000 by the

The dividend position will be reviewed in the light of the year's trading in 1982 there was a final of 5.0683p to make a 6p

In the 1933 half year sales came to £4.48m (£3.62m) from which the group incurred a loss of £246,262 (£812,060),

Ulster TV rises £100,000

TAXABLE PROFITS of Ulster which the threshold is now

TAXABLE PROFITS of Ulster
Television advanced from
£687,900 to £787,340 for the year
ended July 31 1983 on turnover to represent almost the entire
£1.08m higher at £11.38m. At
halfway, pre-tax figures were
ahead from £397,000 to £461,000.
Yearly carnings per 25p share
rose by 5.7p to 22p and the dividend total is increased to 8p net,
against 6.8p, with a final of 4.3p.
Television operating profits of investments dropped from
rose from £333,473 to £508,166.
£150,165 to £102,862. A provision required to be
made for Exchequer levy for ments accounted for £33,000

Trident Computer lower

A £141,000 fall to £101,000 in full year pre-tax profits was experienced by Trident Computer Services Group, but management figures for the opening two mouths of the current year show that profits are "appreciably ahead" of budget.

The directors state that decisive action taken is having its desired effect, and current demand for the group's services is buoyant.

Linearing the American subsidiary, and a £54,000 fall in interest receivable.

Turnover rose from £3m to £3.38m during the 12 months.

The dividend total is held at 1.5p net with a unchanged final payment of 1p. The joint managing directors intend to waive dividends to the extent of 1.4p on 1,338,330 shares.

Earnings per 10p share are

Earnings per 10p share are is buoyant.

Gross profit from the main given as 2.3p, down from 4.9p, business of computer contract with after tax profits at £59,000 staff increased as a direct result against £124,000. Costs arising of increased sales.

The reduction in group profits manufacture of computer terminating of the manufacture of computer terminating of the manufacture of computer terminations. was principally caused by in-minals have been dealt with as an creased overheads, the cost of extraordinary loss.

MICHAEL PETERS GROUP PLC

Placing by Henderson Crosthwaite & Co. 1,000,000 Ordinary Shares of 25p each

Michael Peters Group PLC at 85p per Share.

SHARE CAPITAL

Authorised:

£1,687,500

in 6,750,000 Ordinary Shares of 25p each

Issued or now being issued and fully paid: £1,413,204

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the entire issued share capital of the Company in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to the Official List, Conditionally on such permission being granted 1,000,000 Ordinary Shares of 25p each of the Company will be placed by Henderson Croathwaite & Co. A proportion of the shares being placed is available to the public through the market. Particulars of the Company will be circulated in the Extel Statistical Service and are available during usual business hours on any weekday (excluding Saturdays) up to and including 18 November 1983 from:-

> Henderson Crosthwaite & Co., 194/200 Bishopegate, London EC2M 4LL

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange in London. It does not constitute an invitation or offer to any person to subscribe for or purchase or acquire any securities.

PINECHURCH UNITED STATES GROWTH FUND LIMITED

(registered in Guernsey under the Companies (Guernsey) Laws 1908 to 1973)

Authorised

Share Capital at 3rd October 1983

US\$2,000,000

8,000,000 Shares of US \$0.25 par value

US\$1,161,647.25

each, of which 4,646,589 are in issue

Application has been made to the Council of The Stock Exchange in London for the Shares to be admitted to the Official List. Particulars of the company are available in the Extel Statistical Service, and copies of such particulars may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 16th November 1983 from:-

Kleinwort, Benson Limited 20 Fenchurch Street London EC3P3DB

James Capel & Co. Winchester House 100 Old Broad Street London EC2N 1BQ

31st October 1963

E. Upton may return to profits next year

REMEDIAL ACTION under-taken by E. Upton and Sous coupled with an improving trend has set about the task of rebuilding its financial position following the successful takeover of the iron ore producer Robe River earlier this year.

Peko, a diversified mining and industrial group, plans to raise the addition of the present trend in profits and the addition of the iron ore company. in basic trading could return the company to profits in 1984, say

statement. The forecast is made as interim losses, of this department store operator, are shown as rising from £218,000 to £331,000 for the six months to August 9, rights issue. The terms are one new share

1983.

However, they point out that £120,000 of the loss is a direct result of costs arising from refinancing of customers credit arrangements and non-recurring costs associated with the closure of the South Field Road premises.

premises.

They estimate that total costs for the closure will be in the region of £180,000 for the year.

Further losses, they add, are attributable to excessive mark-downs and wastage during the

period. Action has been taken to reduce these costs.

Also, a big reduction in interest charges has been made, which will be further decreased next

Therefore, they add, on basic trading the company is on an "improving trend" but not to an extent which would eliminate the loss incurred in the first half. In his annual statement for last year Mr John E. Upton, chairman, said high unemployment on Teesside continued to be the principal factor affecting sales and trading margins. In the opening half of this year turnover fell from £2.84m to £2.82m.

For the year to January 25, 1983 turnover was £6.14m against £5.83m and a trading loss of £0.25m compared with £0.22m The dividend is again mitted.

S. Simpson

Following a sharp uplift in second half profits from £167.000 to £470,000, S. Simpson finished the year to the end of July 1983 with a recovery in pre-tax profits from \$402,000 to £843,000. Turnover of this tailor and clothier, which is a close company, expanded from £22,95m to £27.03m.

The net final dividend has been lifted from 2.1875p to 2.6875p, which raises the total from 3.5p to 4p. Earnings per 25p share increased from 4.14p to 10.13p.

Aero Needles

A sharp upturn in first-half 1983 pre-tax profits from £50,000 to £195,000 has enabled Aero Needles Group to continue the payment of preference dividends and reduce the level of arrears. Turnover of this maker of needles and general smallwares rose from £4.61m to £5.17m.

Norman Hay

A marked improvement in pre-tax profits from £169,000 to £246,000 has been shown by Norman Hay for the first half of plating and anodising concern expanded from £2.53m to £2.68m.

The net interim divdend has been held at 1.25p-

Philip Hill Inv. Net earnings at Philip Hill In-

Net earnings at Philip Hill Investment Trust expanded from \$3.44m to £3.73m for the half year to the end of September 1983, on gross revenue up from £5.91m to £5.45m.

Gross assets, after providing for ordinary dividends, grew from £205.32m to £241.83m, which is equivalent to 248.8p (206.4p) per 25p share.

The net interim dividend is held at 2p

Share information The following securities have been added to the share Infor-

been added to the share infor-mation Service:
Central Independent Tele-vision (Section: Leisure); Ivory
& Sime (Trust—Finance, Land);
Park Food Group (Food, Groceries, Etc); Personal Assets Trust (Investment Trusts); RTD Group (Engineering); Tomax Resources N.L. (Mines—Austra-lians).

Peko-Wallsend £31m cash call

iron ore company.

The rights issue document

suggests that the current annual rate of 5 cents per share will

Peko staged a comeback to profits in the year to June 30, largely on the back of a fine performance from the Ranger uranium operations in the Northern Territory, run by Peko's 30.5 per cent-owned associate Energy Resources of Australia

September quarter of 1982.

This brings the total for the year to date to 189,014 oz, com-pared with 143,681 oz after the

paren with 143,081 oz atter the first nine months of last year. That puts the group on target for the planned expansion to an annual rate of 240,000 oz up from just over 200,000 oz in 1982.

Lac's policy of forward sales of its output, so successful in the past, is continuing, with about three-quarters of 1984 production already sold forward at

be maintained on the increa

BY GEORGE MILLING-STANLEY

AUSTRALIA'S Peko-Wallsend region, estimated to contain over has set about the task of rebuilding its financial position follow.

Mr Keith Hawkerstone told

The terms are one new share for every sir held at a price of A\$4.25 (266p). This is a discount of more than A\$2 on Friday's closing price in Sydney, and compares with the London closing level of 374p. Peko succeeded in its offer for Robe River after a bid battle with Paneontinental Mining. The final price was around

Robe River's principal asset is a stake of 35 per cent in the big Robe River joint venture in Western Australia's Pilbara associate Energy Resources of Australia. Net profits came out at A\$18.29m, compared with a loss in 1981-82 of A\$13.18m.

Costs and tax hit Lac

INCREASED operating costs and a higher effective tax rate have combined to cut into the profits of Canada's gold-producing Lac Minerals in the first nine months of the year.

Net profits for the period are down by 10 per cent to C\$17.9m (£9.9m) or 76 cents a share, reports John Soganich in Toronto.

However, the third quarter shows an improvement of the three months to June, with net profits of C\$6.54m against C\$5.11m.

Third quarter gold production a price not far short of U.S.\$450, was 64,214 ounces, similar to the This compares with Friday's level of the second quarter but London closing level of \$3861.

Falconbridge cuts losses

INCREASED operating costs and well above the 47,921 oz for the

CANADA'S Falconbridge, the number two in the country's nickel mining business after Inco, has further reduced losses to CSL1m (£600,000) in the third quarter. This leaves the company with a nine months' loss of CS30.5m, or C\$4.55 per share, compared with C\$56m in the same period of 1982, reports John copper, the company's other major product, also remains at

compared with C556m in the same period of 1982, reports John Soganich from Toronto.

Dr William James, the chairman, says: "Nickel prices Falconbridge intends to remain among the lowest cost metal protinced their upward trend, but the increases have been less than

BIDS AND DEALS ROUND-UP

W. E. Norton (Holdings) has entered into a conditional agreement for the acquisition of the assets and business of Car Alarm Company, a sole trader hased in Merseyside and engaged in the installation, rental and maintenance of intruder alarm installations and other security equipment.

Were recently concluded by Joydulce.

Following completion of the acquisition of R. Raphael, the board has approved the subscription-by-BT- of "approximately 2700,000" additional equity equipment.

As known, Bremar Trust is As known, Bremar Trust is

equipment.
The consideration is £400,000 to change its name to J. J. & D. Frost. The consideration is £400,000 cash, together with a further sum equal to the value of stocks and cash balances of CQR as at November 1 1983 and expected to be approximately £32,000. CQR services around 1,200 installations in the Merseyside area under annual rental and maintenance agreements. The offer by Taubman UK Investments for the preference shares of Sotheby Parke Bernet Group has become unconditional. The ordinary and option offers have already become wholly unconditional, and all the offers have been extended until frustrate. maintenance agreements.

Unconditional offers by Planta-Unconditional oners by riania-tion and General Investments for ordinary shares and 12 per cent convertible unsecured loan stock 1991 of Telfos closed on Octo-Laurel Company SA has sold its holding of 311,719 shares (29.3 per cent) in Jacksons Bourne End to its subsidiary Investment Company which already holds 355,647 shares (33.5 per cent).

ber 26.

Acceptances, including those which are not complete in all respects, have been received for 178,644 ordinary (3.41 per cent) which, together with the 2.51m shares (47.93 per cent) held by P and G group before the offerwas announced, bring the total holding of the P and G group to 2.69m shares (51.33 per cent).

Acceptances have also been re-Acceptances have also been received for £22,293 nominal (1,88 per cent) of the loan stock.

Bremar Trust has issued details of the Honeyfall acquisition. The Bremar board says the level of trading for the second half of the current year is in excess of the comparable period last year.

In 1984, the directors anticipate contributions from the Ricensed deposit taker, B. Raphael & Sons, and from the 34 additional sites for which licensing and leasing agreements

U.S.\$200,000,000

Lloyds Eurofinance N.V.

(Incorporated in the Netherlands with limited liability)

Guaranteed on a subordinated basis as to payment of principal and interest by

Lloyds Bank Plc

(Incorporated in England with limited liability)

In accordance with the terms and conditions of the Notes and the provisions of the Agent Bank Agreement between Lloyds Eurofinance N.V., Lloyds Bank Limited, and Citibank, N.A. dated October 27,

1981, notice is hereby given that the Rate of Interest has been fixed at 10% pa and that the Interest payable on the relevant Interest Payment Date, April 30, 1984, against Coupon No. 5 will be US\$252.78 per \$5,000 Note.

October 31, 1983, London By: Citibank, N.A. (CSSI Dept), Agent Bank

Guaranteed Floating Rate Notes due 1993

U.S. \$150,000,000 Midland International Financial Services B.V.

There is no change in ultimate ownership of the

company.

have been extended until further

Guaranteed Floating Rate Notes 1991 Guaranteed on a subord as to payment of principal and interest by

Midland Bank pic



For the six months from 31st October, 1983 to 30th April, 1984 the Notes will carry an interest rate of 10% per annum. On 30th April, 1984 interest of U.S.\$252.78. will be due per U.S.\$5,000 Note for Coupon No. 6. Agent Besit: European Banking Cempany Limited

Guinness Mahon International Fund Ltd (Guernsey) PO Box 188, St Poter Port Guernsey - Ti: 0481 2506 CURRENCY DEPOSIT SHARES DOLLAR 20,140
STERLING £10.063
YEN Y5019.725
DEUTSCHEMARK DM50.161
- SWISS FRANC SWI-40.066
DAILY DEALING

LADBROKE INDEX 688-693 (~6) Based on FT Index Tel: 01-493 5261

FINANCIAL TIMES STOCK INDICES

	Cot. 28	0et. 27	Oct. 25	Oct. 25	Oct. 24	Oct. 21	196 High	i3 Low	Since Co High	npliet)n Low
Government Secs.	81,70	81,75	81,94	61,60	81.43	81,60	88,60	77,00	127,4	49,18
Foted Interest	85,16	84,90	85,16	84,82	84,90	84.96	85.16	79,03	150,4	50.53
Industrial Ord	591.1	694,0	0.098	689,0	685,5	589 <u>.</u> 8	740,4	598.4	740,4	49.4
Gold Mines	475,8	478.3	509,3	527,1	520,8	516,0	734.7	475.8	734.7	43,5
FT-Act, All-Strang	432.09	432.54	451.68	480,91	42B,85	430,93	465,74	382.22	465,74	61.92

EQ	UIT	7ES	;		<u>-</u>						
Price	and a	nuno.	19	83	Stock	Ologing	+ or	Zet.	Pred Pred	캶	<u>.</u>
	Amou	355	High	Low		ēā.	-	žΩ	Dovere	\$≥	
\$10 \$120 \$230 \$435 \$00 \$105 \$60 \$75 \$75	F.P. 200 F.P. F.P. F.P.	10/2	118 293 220 215 108 90 81	108 237 186 180 107 75 78	A. & M. Hire 10p Ascorn Computer 1p Astlantic C'mp'ters llep Brit. Petroleum riBryson Oil & Gas20p Coin Inds. 10p DJSecurityAl'ms llop ÆEdinb'gh FG Man 5p. Europ'n Assets DF. 1:	103 290 185 180 107 90 79	-1	50.1 52.25 20.25 3.3 42.1 591.8	- 52 1.9 2.4 2.5 2.6	1,1 6,9 4,4 8,5	11.7 18.5 11.3 15.4
140 140 160 191 167 7285 1150 185 100	F.P. F.P. F.P. F.P.	4/11 12/10 25/11 11/11 51/10 25/11	306 170 74 91 35 71 310 161 254	305 138 65 87 21 66 293 156 314	FAI Insurance 50 cts.	300 138 72 87 31 71 302 156 218	-2 -1 +2 -2	54% bg1.7 u8.1 b1.0 b4.8 b1.4	4.0 2.7 2.5 - 8.5 2.1 5.5	3.4 3.5 0.5 4.4 0.9	7.3 20.8 12.6 13.1 74.5 31.1 14.7 28.4

FEXED INTEREST STOCKS

issue price £	Amount	Catest conubo, dete		83	Stock	Closing price &	+ 0
99,396 95,736 9100 100 97,268 \$100p	£25 £25 £25 £25 NII F.P. £25 NII F.P. £10 F.P.	29/11 16/2 2/1 (27/10 23/1 9/12 10/11 28/10 7/10	28 263; 1051; 263; 534; 55m 100 1181; 105; 128; 98 1035;	2534 1112 26 25p 25p 19976 106p 106p 12 9312	LASMO 952 Cum Red Pref	261 ₂ 261 ₃ 12 1051 ₂ 251 ₂ 32pm 100 110 p 95p 12 97	+14
	l	!/			York Waterworks 8.75pc Red. Prf. 1988		ļ

"RIGHTS" OFFERS

	issue price	Amount paid up	Latest Renunc. date	Renunc.		Stock	Clouing	+ or
١.				<u>j</u> ''''			<u> </u>	
1	7	I Man I			1 	 		
'		Nii Nii	. – . –	15cpm	** DU	Amai, Estates 5p	14pm	
	IR36	Mil	- -	25 pm	i Yemi	Aran Energy 20p	23 pm	+71
1	80	F.P.	(26/1		89	Assoc. Paper	93	
	23	F.P.	- 30/1	1 27	24	C. H. Industrials 10p	26	
'	80 23 82 50	NI	— 9i1:	2 5pm	3pm	Cartwright (R.) 10p	3pm	
	60	F.P.	- 11/1	i 6i	50	*Coleman Milne 10p	50	
	660	Nii	_ ii/i		20	-Continental Microwave	70pm	
١.					, iobus	TOURINGHED MICROWAVE.	ichu	******
	20	F.P.	18/1:	1 28	41	Inter-City Inv. 20p	48	
· i	275	NS]11/1;	1 42pm	, 30pm	Lex Service	40pm	2
٠.	120	Nii	7/11 9/13	21om	7 pm	MFI Furniture 10 p	21 pm	
	11	F.P.	- 25/1	1 42	16	*Parkfield Foundries 5p	38	
	120	F.P.	- 1171		122	Pritchard Servs	136	
'	810			2814DM		Terrore / In ()	P1	100 100
1			_ <u>Leve</u>		O-10mi	*Sampang (Java) 21sp	712 pm	
	210	F.P.	- 11/1:	1340	XX0 .	Utd. Newspapers	233	*****
	85	Nil	\ \ \	7pm	. 5pm	Ward White	7pm	
		Nil	- i -	10B	93	Western Mining Options	100	+4 1
	- 1		[

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's amnuncements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Amouncement last year."

"Announcement las	st year."		
- · • Đạtạ	Announce- ment lest year	. Deta	Anne-mes- ment last:
Akroyd and	•	*Hepworth (J.)Nov 2	Finel 3.21
SmithersNov 1B	Finel 10.0	Hinton (Amos) Nov 23	Interim 2.4
.Allied Irish		IC GasDec 7	Interim 2.4 Interim 3.0
BanksNov 8	Interim 4.5	Int'l PaintNov 15	Final 2.0
Allied Lyons Nov 30	Interim 2.2	*Johnson	
Alinatt London		Mambara Nasa 20	Jan-1 6.6
PropertiesNov 9	interim 1.0	MattheyNov 23 *Kwik SaveNov 17	interim 3.0
Amersham		THE SAVE NOV 17	Final 3.4
InternationalNov 15	Interim due	LRC IntiNov 29	Interim 1.05
*Anglo American		SecuritiesNov 17	Interim 3.0
Corpn SANov 8	Interim 35c	London and	incentil 276
Assoc British		Liverpool TstNov 16	Interim 1.5
FoodsNov 11	interim 1.5	"Lucas IndaNov 7	Final 8.0
Assoc LeiguraNov 30	Interim 2.0	*Marks and	I hid O.y
*ANZNov 21	Final 14 cents	SpencerNov 2	intedex 1.85
Avon Rubber Dec 8	Final nii	Marshalls	111406101 1-00
BOC Dec 9	Final 3.14	HalifaxNov 29	Interim 1.0
BOCDac 9	Interim 5.0	*Metal BoxNov 22	interim 5.04
Baker PerkinsDec 7	Interim 2.1	*MEPC	Final 5.25
*Bank of	1-1-011M CF.	*National Bank	ليكبري ١١١٨٠٠٠
IrelandNov 10	Interim 8.0	AustraliaNov 10	Final 12 cent
Baes	Finel 7.44	North British	
SeechamNov 14	interim 4.1	PropertiesNov 3	Final 2.0
BootsNov 25	Interim 3.5	Pauls and	
BrangreenNov 22	Interim 0.5	WhitesDec 2	Interim 2.5
*BCANov 1 Brit & Commowith	Final 2.5	Pegler-	
Brit & Commowith		HattersleyDec 8	Interim 4.0
ShippingNov 11	Interim 7.0	*Pilkington	
BrockhouseNov 25	Final 0.1	BrosDec 7	interim 5.0
Brown		Polly PeckNov 25	Final 9.0
(Matthew)Dec 6	Final 5.55	Powell Duffrys Nov 25	interim 4.7
Burnett and		RHMDec 7	Final 2.333
HallamshireNov 25	Interim 8.0	RHP	Finel 2.0
BurtonNov 23 Capital and	Final 5.25	RIT & Nithm Nov 15	Imerim 2.0
CountiesDec 1	interim 1.2	RediffusionNov 26	loterim 1.25
Carlese Canal Dec 7	Interim 1.0	Reed IntlNov 2	Interim 4.0
Carless CapelDec 7 Carr (J.)	Interna 1,0	RediendNov 25 RenoldNov 25	Interim 2.94 Interim nil
DoncasterNov 29	Final 1.3	Rothmana	invenin ili
Charter	1 1001 1	InternationalDec 8	Interim 1.3
ConsolidatedNov 30	Interim 3.75	Royal Bank	Incompi 1.2
CoaliteDec 7	Interim 1,55	of ScotlandDec 2	Final 3.9
Comet	Final 2.93	Saatchi and	, une que
Common BrosNov 22	Final nil	SaatchiDec 9	Final 5.2
CourtauldsNov 25	Interior 1.0	Sainsbury (J.) Nov 3	Interim 1.9
Davis		ScapaDec 2	Interim 3.0
(Godfrey)Nov 16	Interim 1.5	600 GroupDec 2	Interim 2,34
Dawson	_	*SketchieyNov 14	interim 3.6
InternationalDec 1	Interim 2.2	Smiths Inds Nov 9	Final 7.0
*De La RueNov 8	Interim 6.6	Smiths Inds Nov 9 Smith (W. H.) Nov 17	Interim 1.75
ElectrocmptsNov 9 Elliott (B.)Nov 23	interim 1.0	Sterling	
FINOR (B.)	Interim nil	GuarantesDec 8	Interim 0.25
ExtelNov 25	interim 2.5	TecalemitDec 7	Interim 0.8
IndustriasNov 7	Interim 2.2	Tesco StoresNov 17 Trefalger	Interim 1 <i>.2</i> 5
FerrantiDec B	Interim 1.8	HouseDec 6	Final 3.7
Fine Art DevsDec 1	Interim 1.1	UnileverNov 16 ·	Interim 9.96
•Flight		Unilever NVNov 16	Int FI 2.884
RefuellingNov 1	Interim 1,12	ValorNov 10	interim 0.934
*French KierNov 24	Interim 1.25	Ward and	,
GECDec 2	Interim 1.0	GoldstoneDec 10	Interim 1.0
Great Portland	-	WedawoodNav 25	loterim 1.75
EstatesNov 9	interim 1.0	WestlandDec 8	Final 4.75

U.S.\$15,000,000 Floating Rate Serial Notes 1988 Convertible into 164% Serial Bonds 1988

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from 31st October, 1983 to 30th April, 1984 the Notes will carry an interest rate of 10% 6% per annum. On 30th April, 1984 interest of U.S.\$267,00 will be due per U.S.\$5,000. Note for Coupon No 5. The Conversion Interest amount applicable to Notes which are presented for conversion on or before 1st April, 1984 will be U.S.S nil per U.S.S5,000 Note.

European Banking Company Limited (Agent Bank)

31st October, 1983

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ESS TEMPORE STATE 如果到的身体与中国机械化的 e 法教育系统的特殊的 用,我们就这些教育的现在分词,我们也是这种的,也可以不是这种的,也是是对 "我们当我的我们就没有不到了多个有方式的,我们可以不是我们的人们是不是这种的人,我们也是这个人的人,我们也是是不 2万計議等の管理を発音を行うに対する場合ののではないのである。 为其代于是否的是我们以外,我们就就们是因为我们都会可能是们有这么不是不是一个,也可以用我们的我们就是我们的这些是我们的我就是我们的。 PAC PROCESS AND THE PROCESS AN

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以外公司在1020年47日1日的大概的政府的基础的企业的企业,如下的TREA的人的的工程和对外的工程的的人的职机的

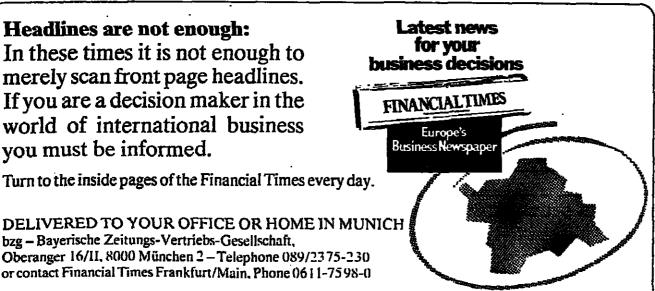
是我们我们有4年,可以在10年的情况的对比,只是对对,我们的过去时,可以的对方是是是让我们的

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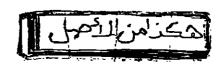
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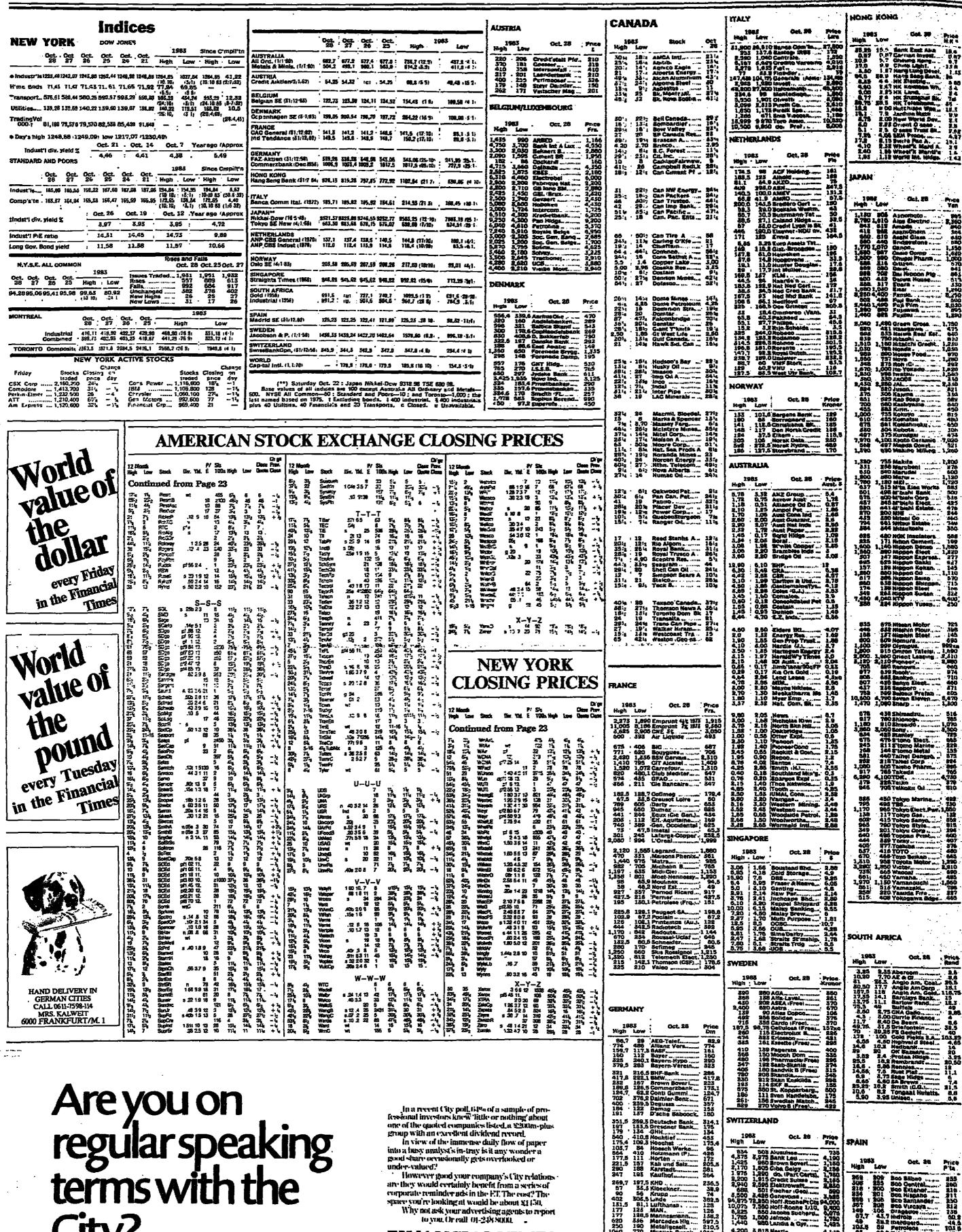
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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

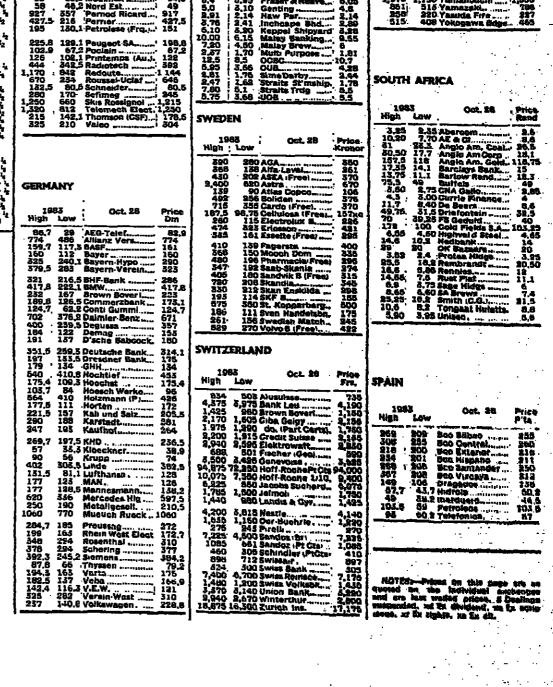
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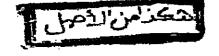
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Continued from Page 22		The control of the co



City?

FINANCIAL TIMES





Financial Times Monday October 31 1983

INSURANCE

Licensing scheme aims at salesmen

BY ERIC SHORT

THE THREE life associations The intention is to stop the the Life Offices Association dishonest salesman from start-(LOA), the Associated Scottish ing afresh with another com-Life Offices and the Industrial Life Offices Association — have taken another step towards controlling life assurance salesmen through a system of licensing or certification.

Last week, they released for dis-details of a scheme devised name of after months of discussion a prac-between member life com-panies. The associations are The panies. The associations are The major defect of the seeking the views of all inter- scheme is that the associations ested parties.

The associations have chosen not to wait for Professor Jim Gower's final report on investor protection, not expected until early next year. The report will a major section on life assurance selling.

For decades, there has been little control over life salesmen, except that excrted by individual companies over their own field force. This is open to abuse. The public, by and large, is still ignorant of life assurance and pension matters, so it puts implicit trust in the sales-Thus the public is entitled to expect that the person selling them life assurance is both com-petent and honest.

associations' scheme envisages no one being able to sell life assurance until they qualified for a certificate. To do so, they would have to con-form with certain minimum standards of expertise and abide by a code of conduct. The standards would be laid down by a central body but the scheme envisages that certifi-cates would be granted mainly by the insurance company employing the salesmen. The controlling body would authorise the insurance com-

pany to issue certificates, providing the company met neces-sary standards of recruitment, training, supervision and ethical conduct of its salesmen. A salesman would lose his certificate, and thus his ability to sell life assurance, if found

guilty of "malpractice or dis-honesty." His name would be entered in a black list—a confidential central register main Company of Canada.
tained by the controlling body.
All life companies would be pany's chief UK execurequired to consult the register before taking on a new sales-man. If a person's name was on the list then the company Details of the proposed hiring him would have to scheme can be obtained from consult the company responsible the Life Offices Association. for the entry before deciding Aldermary House, Ou whether to hire the salesman. Street, London ECA NITP.

appeals procedure if an entry is made on the register. To be effective, it means life companies must dismiss a salesman for dishonesty and enter his name on the list and not follow a practice of asking him to

give no indication of minimum standards. The problem is that the UK life assurance industry covers many companies with a wide variety of marketing operations. To get acceptance of the scheme, associations have to fix standards acceptable to all member compacies.

The danger is that the stan-

the danger is that the standards selected will be too low. The public will regard the certificate issued to the salesman as a seal of approval, so standards must be high.

For example, it will be useless clarify to that that life. less simply to state that life companies must give training to newly-appointed salesmen unless it is made clear what that training should cover.

Salesmen must demonstrate their ability at the end of training and this implies some form of test. The controlling body must at least indicate the nature of the test, though preferably it should control testing itself. The controlling body must continually check training courses and examinations and revise and keep standards up to date. Mr Michael Oppe, secretary-general of the LOA, said one

purpose in giving the scheme a wide circulation was to ascer-tain views on standards. The associations could well be looking to the report of Professor Gower who advises the Department of Trade on company law, to do that job for them. The associations could do worse than look at the pilot

licensing scheme recently launched by the UK branch of the Imperial Life Assurance Mr Roger Wain, the com-pany's chief UK executive, says the scheme has been enthusias

tically welcomed by its 409-strong sales force. House. Onesa

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

COMPANY MEETINGS—

Armstrong Equipment. Queens Hotel.

City Source, Leeds, 12,00 Boardman (C. O.) Intol. 52 James's Nova Scotla 1849cct 1969cc 12,00 Boardman (C. O.) Intol. 52 James's Nova Scotla 1849cct 1969cc 12,00 Boardman (C. O.) Intol. 52 James's Nova Scotla 1849cct 2011 64scc 12,00 Boardman (C. O.) Backingham

12.00 Branen, Rubens Hotel, Backingham Palace Rd. SW. 3.30 Cocksedge, Rapier Street, Ipswich, Suffolk, 12.00 Brandin, Rubens Hotel, Backingham Paisce Rd, SW, 30.
Cocksedge, Rasker Street, Ipswich, Suffolk, 12.00
Cocksedge, Rasker Street, Ipswich, 12.00
Cocksedge, Rosent, Gold Mining 24, Gilbert Street, W. 12.00
Ind Finance & Inv. Copp. Armourers Hall, 81. Coleman Street, EC, 12.00
Ind Finance & Inv. Copp. Armourers Hall, 81. Coleman Street, EC, 12.00
Ind Finance & Inv. Copp. Armourers Hall, 81. Coleman Street, EC, 12.00
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Rufin D, & S.), Park Hotel, Park
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DIVIDEND & INTEREST PAYMENTS—
Allied Farm Poods SpcDh 1988-33 4pc
Ashbourne Invests 8-pod.n 1984 4lapc
Assoc Dairies 7-lapchs 1986-83 3pc
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- Periland Gap 71-pcPt 2.7125p
71-pcLn 1985-33 14-pc
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111-pc 1985-10-pc
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Lanest South Nationwide Bids Soc SPancBds 31/10/83 E5.1321 Navarrall StancPd 2.88730 North Clamest Sons Tiget. In 1987-92 Stape Nova Scotia 103/85.13 2011 63/85 Octobus Publishing 30 Photax 11/86/15 Sop Pleaser Consecuts 71/86/15 1985-90 Stape Portsmouth Sunderland Newspaners BorPf 2.80 BHP Spcl. 1984 4pc Rank Ors 103/86/16 1987-2002 Shape Portsmouth Sunderland Newspaners BorPf 2.80 BHP Spcl. 1984 4pc Rank Ors 103/86/16 1997-2002 Shape Rank Ors 103/86/16 1997-2002 Shape Rank Ors 103/86/16 1997-2002 Shape Reviews Graph Spc. 1985-80 Shape St. Neless 11/16/6 1985-90 Stape St. Neless 11/16/6 1985-90 Stape Scotish Add Newcashel Brownies Simple HJ. Signs 1985-90 Shape Scotish Add Newcashel Brownies Simple 1979-84 2 lpc. Scotish Add Newcashel Brownies Simple 1979-84 2 lpc. Scotish Add Newcashel Brownies Simple 1979-84 2 lpc. Social Brownies Shape 1979-84 2 lpc. Social Brownies Shape 2015-84 Shape 1979-84 2 lpc. Social Brownies Shape 2015-84 Shape 2015-85-90 Shape. 74/901810b 2015-86 Shape 2015-86 Shap

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Michols (J. N.) Viento 6.59
Nothern Amer Tst 3.9ccP 1.759
Mothern Amer Tst 3.9ccP 1.759
Notwich Corg 3.50 13pc
Nothingham Corp 3.50 13pc
Occas Transport Trading 2.15p
DIVIDEND 8. INTEREST PAYMENTS—
Parcial Tope 1.759
Pentiland 10ds 0.42p
Parcial Corp 3.9cc 13.750
Pentiland Corp 3.9cc 13pc 1978 13pc
Reckett Colman Superb 1983-85 14pc
Do. Sepecth 1983-85 34pc
Do. Sepecth 1983-85 34pc
Do. 13pcDb 1979-99 64pc
Southsh for Tst 3.50c Pfd 1.75p
Do. 3.850c Pd 1.970-99
Second Allance Tst 4.4pcDb 1970-85 24pc
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Ship Mornage Fin 6pcDb 1983-95 Sec
Smith Broz 2p
Southern Caft Edison 95cm
Southern-Frans Sec0b 1987-92 4pc
Tate 1vie 13pcln 1994-98 61pc
Treesloon South 200cln 1996-88 7pc
Texaco Int Fin 44pcln 1981-99 2 pcc
Treasments 95cm
Transman 4pcDb 1980-95 2pc
Truman 4pcDb 1980-95 2pc
Truman 4pcDb 1980-95 2pc
Truman 4pcDb 1980-95 2pc
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Truman 2pcBb 1980-95 2pc
Truman 4pcDb 1980-95 2pc
Db 1991-96 5.25pc
Db 1991-96 5.25pc
Db 1991-96 5.25pc

Stockholders Imv Ts: Spc 1ctDb 1995-9
2-bcc
TR Pacific Bajin Inv Ts: 412pcDb 24pc
TR Pacific Bajin Inv Ts: 412pcDb 24pc
TR Pacific Bajin Inv Ts: 412pcDb 24pc
Tressurv Schools 1995-98 34pc
Trass-Cocenic Ts: SpcP 1.75p
Tressurv Schools 1995-98 34pc
Union 100 7pcPr 2.45p
Union 100 7pcPr 2.45p
Union 100 7pcPr 2.45p
Do. 41pcQP 1.575p
Do. 51pcQP 2.275p
Watney Mann Truman 74pcDb 1987-4
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Valor Stapchy 2.625o
Valor Stapchy 2.625o
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Vestag Winney Maen Truman 74pcD0 1307

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Do. Stancia 21ac
Do. Stancia 11ac
Do. Stancia 11ac
Do. Stancia 11ac
Webster (Samuel) 41-pcDh 2000 21apc
Do. 72cSriff 2.45a
Witan Inv Jacc 1774-84 2pc
Do. 53-pcDh 1974-84 2pc
Do. 54-pcDh 1974-84 2pc
Do. 54

Do. 5.25ecPf 2.625e
Do. 6.25ecPf 2.625e
Angrican Nat Res 79cts
Anglo American Ind 3.35356e
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BET Omnibus Sinca Sippezadoff 1.925e
BET Omnibus Sinca Sippezadoff 1.925e
BET Omnibus Sinca Sippezadoff 1.925e
Bassett Foots 71ppeff 2.625e
Benditon Francisco Astrocadoff 2.6pc
Benditon Gran Database 1.75ec
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St. E.C., 11.30
Meet Trade Suppliers, Metral House, 62/66 St John St. E.C., 12.00
Park Place issus, ironmongers Hall, Barbone, E.C., 12.00
Parker Knoll, New Berners Hotel, Berners St. W., 12.30
MEETINGS.—
BOARD MEETINGS— Fisci:
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Interfear
II One Mining and Expire.
Exploration Co.
Fortum and Mason
Gofthers (A.)
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£19m work for **Balfour Beatty**

The power transmission division of BALFOUR BEATTY has been design, supply of the steelwork, and the construction of the 322 km 400 kV double circuit transmission line from Aqaba to Amman. The project includes the fabrication and galvanising of around 18 000 torongs of structure. the fabrication and galvanising of around 18,000 tonnes of structural steelwork which will be undertaken by Painter Brothers of Hereford, a part of the Balfour Beatty Group. The chient is the Jordan Electricity Authority. Work will be engineered by Preece Cardew and Rider of Brighton, The survey phase will start shortly and completion is scheduled for the end of May 1988. Finance for the UK export consent of the contract is being content of the contract is being arranged by Schroders with the support of the Department of Trade and Industry. Balfour Beatty is a member of the BICC

COSTAIN GROUP has been awarded contract worth £8.2m Costain Civil Engineering has won £5.9m contract for phase 3 of the Rochester Way relief road, south-east London, for the GLC. south-east London, for the GLC. The contract comprises the construction of 17.5 km of diaphragm walls using 33,000 cubic metres of concrete. Three bridges and a "green link" footbridge will be constructed at Westmount Road, Glenesk Road and Riefield Road. The project is due for completion in mid 1985.

Costain Construction, Glasgow, DIVIDEND & INTEREST PAYMENT-DIVIDEND & INTEREST PAYI Air Cail 1.850 Barrow Hebburn 0.89 Brit Aerospaco 3.59 Cambridge Electronic. A.NV 29 Electronic Cold Med 78.87879 Harmony Cold Med 78.87879 Hoselas & Horton 2.59 Jamesons Chocoletas 29 Jeoles & Cattall 19 Kana & Scott 0.3339 Linda & St. Lawrence Inv 0.8759 Lind Merchaets Sects 1.059 McLaughlin & Harvey 29 Peurson CS 39 Pritchard Servi 19 Retuge Assurance 79 Remocid 08.5759 Sharee & Pisher 0.619 Staveart Winghams 3.859 71805 29 25

out a British Home Store in Ayr. will form part of the Butter-market development. Work in-volves structural alterations comprising a new staircase, estalator and lifts, together with furnishing and fitting out of the sales area, public restaurant and toilets, kitchen and preparation facilities and service installations. The project is due for completion by July.

With the award of a SavaCentre fitting our contract worth
£5m for a store at Cameron Toll,
Edinburgh, work won by
GILBERT ASH, a division of
Bovis, in the last two months
has risen to over £10m. The
projects involved range from
external repairs to an S.D.A.
building awarded to the general
works division, to the SavaCentre fitting out.
The other major projects
involved are a home for the
elderly at Dumbarton from
Strathclyde Regional Council,
sheltered housing in Edinburgh

stranciyoe kegonal council, shelfered housing in Edinburgh for the Castle Rock Housing Assoc., improvements to nearly 400 houses at Garscadden from Glasgow District Conneil, an office block for Buko, Glenrothes, and warehouses in Aberdeen and Glasgow.

Glasgow.

The SavaCentre fitting out forms part of the £20m shopping development at Cameron Toll on Lady Road, Edinburgh. Work is scheduled for completion by the end of July 1984.

£5.5m Scottish orders for Haden Young

Contracts worth £5.5m have contracts worth £5.5m have been won by the Scottish region of Haden Young, the building services subsidiary of Haden, Work includes mechanical and electrical services for the new sheriff courthouse in Glasgow, mechanical services work for phase 2 of the Western General Hospital in Edinburgh, and services for a new branch of the Royal Bank of Scotland at Royal Bank of Scotland at Helensburgh. Haden Young is also to carry out the up-grading in three phases of the engineer-ing services at Stobbill Hospital, Glasgow. Haden Robertson has been awarded a £1m contract in connection with the modernisa-tion of 136 houses for Monklands District Council in Airdrie.

An annual contract valued at £250,000 has been awarded to PRESS CONSTRUCTION by the Southern Water Authority. The homes at Braunstone, Lei company's utilities division is to

CRENDON VERSATILE **STRUCTURES**

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lay, renew and repair mains and water services and carry out necessary ancillary works in the Medway and Thanet areas of the authority's Kent division. Up to six mobile gangs will be engaged on the contract, which has already started. Press Construc-tion is part of AMEC.

PROPAFLOR has won orders worth £500,000 to install raised flooring in the Abbey National Building and Cleland House, London. The contracts involve 35,000 sq metres of raised access flooring. Propaflor is part of the Bulleysh Croup. the Bullough Group.

£9m order for Tarmac

Contracts worth £9.5m bave been awarded to TARMAC CONSTRUCTION. One of the largest, at £1.7m, is for roads and sewers at the former Shekton iron and steelworks site at Etruria, Stoke-on-Trent, which is being restored and landscaped to become a permanent site for the National Garden Festival, to be beld for the first time in 1986. Work on the contract, for Stoke-on-Trent City Council, is scheduled for completion by the end of next

Two contracts have been awarded to Cubitts a division of Tarmac Construction. The largest is for building the structural shell for a shopping centre at Croydon, for Sir Robert McAlpine Project Management (£3.1m). The other is to provide covered parking at a bus garage at Speke, Liverpool, for Mersey-side Passenger Transport Execu-

side Passenger Transport Executive (£621,000).
Other contracts include a balancing lake and land reclamation at Great Bridge, West Midlands, for Sandwell Metropolitan Borough Council (£1.5m); a school at Bradford, for Bradford Metropolitan Borough Council (£1.2m); a factory at Glascoed, Gwent, for Vickers Design and Projects (£365,000), and a factory at Muir of Ord, Scotland, for the Highlands and Islands Development Board (£308,000). Tarmac's contract housing division has a £628,000 contract for modernising 12 homes and carrying out external repairs to 107 homes at Brannstone Leicester

APPOINTMENTS

U.S. post for Gillette Industries chairman

Mr R. H. Burton will retire as space, marine biomedical, auto-chairman of GILLETTE INDUS- motive and industrial applica-TRIES on January 1 1984 when he will assume the appointment of deputy to the chairman of the parent company, The Gillette Company, Buston, U.S.

LILLYWINTES of Piccodilly Circus has appointed Mr. Cotta Breve and Mr Sleve Corbett as directors from November 1, Mr Brown is managing director of Lillywhites Cantabrian, a wholly-owned subsidiary of Lillywhites; and Mr Corbett joined the company 2 year ago as chief accountant after three wears with the Burton Group. Lillywhites is a member of the Trusthouse Forte Group of companies.

Mr Robert S. Lawrence has joined DUNCAN STUART & PERILLI as a director from Sun Life Assurance Society where he spent 20 years, latterly as an assistant manager.

Ms Janet Driver has been appointed national account director by HOLIDAY INN INTERtor by HOLIDAY INN INTER-NATIONAL. As director of sales development, she was involved with the new Holiday Inn pro-ject in Croydon and prior to this she was selling in the Middle East for the company. She will be based at Holiday Inn's sales offices in Hammersmith, London,

Mr Paul G. Schlomer, piesi-dent of PARKER HANNIFIN CORP, has been named chief executive officer, from January 1 1964. Mr Patrick S. Parker, presently chief executive officer, will remain chairman. Parker liaming manufactures fluid power components for aviation,

TODAY

Commons: Debate on a government motion on the 1979 Nato decision on intermediate

Commons: British Shipbuilders

(Burrowing Powers) Bill, Second Reading, Motion on the Education (Fees and Awards)

Lords: Motion on Grenada.

Foreign Limitation Periods
Bill, Committee, Motions for
approval on Civil Defence

WEDNESDAY

range nuclear forces.

Regulations.

regulations.

Parliamentary Diary

The board of Vosper has appointed Mr Eaon Furnell as managing director of its subsidiary VOSPER HOVER-MARINE from November 1. Mr Furnell joined the board of Vosper Hovermarine in 1975 as manufacturing director.

SHEAFFER has instituted a number of changes in marketing strategy. As a result, Mr Stephen Roberts. marketing director, assumes broader responsibilities from November I, embracing new business marketing (including new product finishes, market development and diversification) as well as continuing to develop Sheafter's existing business marketing activities.

Mr Dugaid Graham-Campbell has been appointed a director of BAIN DAWES CREDIT, the credit insurance subsidiary of Bain Dawes. He was with the Credit Insurance Association.

Mr. J. W. J. Derry has been appointed finance director and company secretary of IMI NOR-GREN ENGTS, a subsidiary of IMI which manufactures pneumatic equipment. Mr Derry, who is based at the Lichfield head-quarters of the company, is a cost and management accountant.

Mr David Leighton Hamer has been appointed as chief accoun-tant by MENDLE BROTHERS a member of the Wolseley Hughes Group of companies and makers of Embos plastic pro-

initiatives on positive job-creation. Short debate on cuts

in finance and manpower im-plemented or contemplated in

respect of the scientific and

special units of the Overseas Development Administration.

THURSDAY

Commons: Debate on Foreign Affairs on a motion for the

Lords: Data Protection Bill, Third Reading, Short debate on the need for the House to con-

sider procedure on public Bills with a view to providing that decisions on amendments in

adjournment of the House.

COMPANY NOTICES

THOMAS NATION OF TRANSPORT INCOMPANDED IN the Australian Capital Territory) TEMPERS FOR GREATER LONDON BILLS Notice is hereby given that the Annual Countries between of the company well be believed to a subject to the company well be believed to a subject to the countries of the count shell in the Salfroom, 2nd hoos. Menzies holes, 14 Carringhou Street, 5-yober, as housen's yellow Street, 5-yober, as housen's yellow Street, 5-yober, as housen's 21 Street, 200 Street,

member's voting rights.

By Order of the Enerd
R. 7. Parteson, Sucretary
Sydney, 29 Sentember 1983 CLUBS

EVE has certified the others hecause of a roller of fair almy and universe for money. Support from 10-3.30 am. Down and the manufacts. Statements bottomers, exciting floorations. 129 Expent 31, 07-437 03557.

ART GALLERIES 90t ELLS. Curved wood scripture and drawings at the Woodstack Gallery Ltd. 15 Woodstack St. Loodon Wi. October 31st to Howesher 12th, 1983. SECOMPTON GALLERY, 15. Broughton Accade. Kniperhalpudge, 5WS, 91-551 1078. WILLIAM CROSSER—Bacter Paintings, and Crowings, Units 19 Nov. Mon.-Fr. 10-6: 58th, 10-5. BROWSE & DARRY, 19, Cork St. WT. 01-714 7954, PASL MAZE (1557-1579).

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CONTRACTS AND TENDERS

Kotsy-Haghes
Interinst:
Interinst

SOMALI DEMOCRATIC REPUBLIC

MOGAMBO IRRIGATION PROJECT CONTRACT NR. M2.4 RICE MILL

REGISTRATION OF PROSPECTIVE **TENDERERS**

The Mogambo Irrigation Project will develop irrigated agriculture over a net area of about 2,200 ha using water abstracted from the juba River and forms part of a proposed ultimate development of some 6,500 ha net.

The construction of these works is proceeding under the terms of agreements for financial aid negotiated between the Somali Democratic Republic, the Kuwait Fund for Arab Economic Development and the Kreditanstalt für Wiederaufbau. Application for financial assistance in funding the Rice Mill Extension Works has been made to Kreditanstalt für Wiederaufbau. Ten per cent of the investment costs will be provided by the Somali Government.

The supply of equipment and steel-framed buildings, erection and commissioning of the Rice Mill will be the subject of a nominated subcontract.

The Tender documents for this Rice Mill are in course of preparation and the contract will be awarded with a view to manufacture commencing early in 1984. The works generally

a) Rice Mill equipment: capacity: paddy 3 tonnes/hour

b) Dryer: capacity: paddy 18 tonnes/hour

c) Pre-dryer silos: capacity: paddy 6 x 60 tonnes d) Storage silos: capacity: paddy 3 x 2,050 tonnes

e) All necessary conveyors, elevators and ancillary equipment including weighbridge

f) Seed frame building to house rice mill g) Associated works

REGISTRATION OF INTEREST

Tenderers who wish to be registered for the above contract should submit their names and addresses to be received by the Consultant before 1st December 1983. CONSULTANT

The Consultant, to whom applications for registration should be SIR M. MACDONALD & PARTNERS LTD

Demezer House, Station Road Cambridge CB1 2R5, United Kingdom who will acknowledge all applications and, in due course, supply further particulars

The General Manager MOGAMBO IRRIGATION PROJECT

PO Box 1205 Mogadishu Somali Democratic Republic

MOTOR CARS **LEGAL NOTICES**

IN THE MATTER OF THE COMPANIES ACT 1968
AND IN THE MATTER OF
T.M.I. INTERMATIONAL SERVICES LTD.
(In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 259 of the Contpenies Act 1948 that a General Meeting of the Members of the above named Company will be hald at 1 Wardrobe Pigca, Carter Lame, Loadon ECOV SA, on Tuesday, 22nd Rovember 1983, at 12 noon to be followed at 12.15 p.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidators' Acts and Daslings and of the conduct of the winding-up to date.

Dated this 21st day of October 1983. D. W. ROSE, B. MILLS

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Perusahaan Umum Listrik Negara Agency of the Ministry of Mines and Energy of The Government of the Republic of Indonesia

INVITATION TO TENDER

Tenders for the Turbine Generator and Ancillary Plant Contract for Suralaya steam power plant Units 3 and 4 as the extension of Suralaya steam power plant Units 1 and 2 currently under of Suralaya steam power plant Units 1 and 2 currently under construction near the town of Merak in West Java will be received at or before 10:00 hours on 1st February 1984, for public opening at 11:00 hours on the same date at the head office of Perusahaan Umum Listrik Negara, Jalan Trunojoyo Blok Mi/135, Kebayoran Baru, Jalcarta Selatan, Indonesia. The Turbine Generator and Ancillary Plant Contract comprises the desire construction of the contract comprises the desire contract comprises. the design, manufacture, supply, erection and commissioning of 2 x 400 MW units.

Beginning 7th November 1983, the tender documents may be examined and collected personally by prospective tenderers or by their authorised representative in Jakarta upon cash payment of the non-refundable amount of Indonesian Rupiah 600,000 at

Perusahaan Umum Listrik Negara Directorate of Planning Jaian Trunojoyo Blok MI/135 Kebayoran Baru, Jakarta Selatan Indonesia

To qualify for an award, tenderers (individual or consortium) must demonstrate that they have successfully executed contracts for at least two turbine generators of the same or larger or at least two turbine generators of the same or larger capacity than that specified, with each plant having a minimum of three years' successful commercial operation.

Tenders will be received from qualified tenderers or their authorised representatives.

Perusahaan Umum Listrik Negara has applied for a loan from the International Bank for Reconstruction and Development and will apply the proceeds of this loan for payment under this

Only tenderers/manufacturers residing in member countries of the international Bank for Reconstruction and Development and Switzerland and Taiwan are eligible to tender.

Perusahaan Umum Listrik Negara reserves the right to reject any or all tenders and may waive minor irregularities and informalities. Jakarta, November 1983

> **AERONAUTICAL MINISTRY** GENERAL SUPPORT COMMAND

Perusahaan Umum Listrik Negara

DIRECTORATE OF MATERIAL NOTICE PUBLICATION FOR SALE BY

TENDER NR 02/DIRMA/83

|-- The Director of the Directorate of the Acconantical Equipment pives notice that there will take place a Profic Competition for the sale of Acconantical Material on December 20th 1963 at 3.00 p.m.

|-- Subject: 01 (one) Alcorat; C-47 available: 05 (five) Aircrafts C-47 without engines; 39 (thirty rice) Engines Model R-1830-92 PAW ravision required; 3700 (three thousand and seven numbers) Space Parts approx. Condition new surplus.

Application: Forms on which offers must be submitted should be requested to the Brazilan Aeronautikal Commission in Europe or to the Brazilan Aeronautikal Commission in Europe or to the Brazilan Aeronautical Commission in Washington, matil 6.30 pm on December 6th, 1983. At the place stread above applicants will be given details of the legal formalities, the complete Proteinganation, and, on payment, the G-47 information Book which provides all the Technical Data necessary.

Esigned) ADAUTO 8. BROLLO. Lt Col. President of The Tender Committee

Contact is London for further information BRAZILIAN AERONAUTICAL COMMISSION IN EUROPE 6 Great James Street, London WC16 3DP Tel: 01-405 5062 or 01-405 7477 (Weekdays from 12 pm to 18.30 pm) Teles: 21195 CABLON

Contact in Washington for further information BRAZILIAN AERONAUTICAL COMMISSION IN WASHINGTON 1701 -22nd Street, N.W. Washington, D.C. - 2008 Tel: (001202) 332-3522 483-4931 Teles: 64539 or 892478 CABW

Commons: Petroleum Royalties (Reliefs) Bill, remaining stages.
Motions on Town and Country Planning (Fees for Applications) and Deemed Applications) Regulations for England and Wales, and for Scotland; and on the Rate Support Grant (Scotland) Order.
Lords: Debate on the need for

Authorised Units—continued

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Springs Start Land Start Residence (10 to 10

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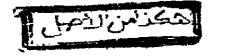
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TO LOADS—CONTINUED TO THE PROPERTY OF STATES AND A STATES LOANS—continued FT LONDON SHARE INFORMATION SERVICE 021 - 704 - 5111 | Shorts | Civ Up to Five Years | Civ Up to Fifteen Years | Civ Up to Five Years | Civ Up to Fifteen Years | Civ Up to Five Years | Civ Up to Fifteen Years | Civ Up to Five Years | Civ Up to Fifteen Years | Civ Up to Five Years | Civ Up to Fifteen Years | Civ Up to Five Years | Civ Up to Fifteen Years | Civ Up to Five Years | Civ Up to Fifteen Years | Civ Up to Fifteen Years | Civ Up to Five Years | Civ Up to Fifteen Years | Civ Up to Five Five to Fifteen Years 284 | 1.10 | 7.10 | 5.0 | 5.7 | 7.4 | 8 | 116 | 1.10 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.0 **CANADIANS** INT. BANK AND O'SEAS **GOVT. STERLING ISSUES CORPORATION LOANS** BANKS, H.P. & LEASING COMMONWEALTH AND AFRICAN LOANS 102 | 29.4 6.02 8.45 80°; el 1.6 9.27 11.23 93°; el 1.5 8.26 11.62 180 - - - 81 108 4 95 15.20 54 77 8 43 14.20 338 el 15 9 - 15.85 741₂st | 16 6.86 11.62 36 | 18 844 11.21 INTERNATIONAL EDITION The Financial Times can now offer advertising which appears only in the international edition, which covers mainly the European Continental market place and the Eastern Seaboard of the USA. In addition we are able to offer a separate advertising copy facility between our London and international editions together with a spot colour in our international edition. Separate company insets are also available in our international edition as well as our London edition and if you should require any further information on the above, please contact your usual Financial Times representative

Financial Times Monday October 31 1983 | USTS-Cont. | OIL AND GAS Continued | 1988 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 | 1989 INDUSTRIALS—Continued INVESTMENT TRUSTS-Cont. OIL AND GAS—Continued PROPERTY—Continued LEISURE—Continued | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 London EC4V 9BD Tel: 248-9811 Selex 884717 Tins Agr. Nov. Ayer Hitzer SM1 200
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APPENDIX PRINTING

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FOREIGN EXCHANGES

Firm dollar lacks conviction

gained ground, but without any some forecasters were looking very strong conviction, although for a minus figure in the region many observers are now looking of S3bn. for the U.S. currency to remain quite firm for the rest of this year, before slipping back in the early months of 1984 as U.S. economic growth slackens.

This left a large question mark hanging over last week's mark hanging over last week's year, before slipping back in the early months of 1984 as U.S. suggesting a small fall of about \$500m, but after several weeks

keeping force in Beirut, and the U.S.-led invasion of Grenada, lent support to the dollar, which is seen as a safe haven at such times. The other major factor The Treasury's November refunding package of Si6bn, and the dollar which is seen as a safe haven at such times. The other major factor refunding package of Si6bn, and the dollar which is seen as a safe haven at such times.

Foreign exchanges, like most money supply announcement, other financial markets, were compared with an anticipated very quiet last week. The dollar fall of about \$1bn, although

An increase in world tension of very inaccurate forecasting no caused by the killing of U.S. and one was placing too much faith in any figure. The other major

underpinning the currency was unveiled on Wednesday, was as the unexpected rise of \$2.4bn expected although the length of in the previous Friday's M1 some of the paper offered came

E	MS	EUROPEAN	CURRENCY	UNIT	RATES	
_						_

· /	ECU central rates	amounts against ECU October 28	from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.900B		+2.23	+1.79	±1.5447
Danish Krone	8,14104	8,14442	+0.04	0.40	≟1.8425
German D-Merk	2.24184	2.25577	+0.62	+0.18	±1.0642
French Franc	6.87456	6.87382	-0.01	-0.45	<u>+</u> 1.4062
Dutch Guilder	2.52595	2.53102	+0.20	0.24	± 1.4964
Irish Punt	0.72569	0.726881	+0.76	-0.28	±1.6699
Italian Lire	1403.49	1373.43	-2.14	-2.14	<u></u> 4.1905
Changes	are for	ECU. therefore	positive chi	ange denotes	

weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Oct. 28	1	!	1	2
	£			Note Rates
Argentina Peso	23,19-23,26	15,51-154	Austria	27,35 27.65
Australia Dollar	1,6270-1,6290	1,0880-1,0890	: Belgium	80,10 80,90
Brazil Cruzeiro	1,223.3-1,230.1	· 818,0-822,0	Denmark	14.05 14.19
Finland Markka	8,4550 8,4785	. 2'6290-2'6250	France	11.86 11.98
Greek Drachma	140.15 140.45	93.30.93.70	Germany	3.8812-3.9212
H mg Kong Dollar,	11.65 z-11.67 to	7,7975-7,8025	Italy	2365-2396
ran Risk	129.80		Japan	
K:rwaltDinar(KD)	0.4855-0.4860	8.25118-0.29115	: Netherlands	4.8612-4.4019
Luxembourg Fr.	79.60.79.70	58.24 56.26	Norway	10.94-11.04
Malaysia Dollar			Portugal	190 216
New Zealand Dir.		1,5060 1,5080	Spain	2231, 23712
S wdi Arab. Riyal	E DOSE E 0100			
6 WGI ARBO. RIYEL	7.1005.7.100	5.4798 3.4801	Sweden	11,60-11.70
S ngapore Dollar	911913 911813	2.1550 2,1350	Switzerland	
S:ILAfrican Rand		1.1435-I.144 5	United States	1.4812-1.5012
U.A.E. Dirham	5.4940 5.4985	5,6720-3,6730	· Yugoslavia	194-215

THE POUND SPOT AND FORWARD

Oct 25	Dzy's spread	Close	One month	% p.±.	Three months	b.1
U.S.	1.4900-1.4990	1.4950-1.4960	0.03-0.08c dis		0.16-0.21dis	
Canada	1.8365-1.8455	1.8420-1.8430	0.03c pm-0.07dis			-0.1
Nethind.	4.37-4.41	4. 291_4 ,401 ₂	1'-1c pm	3.41	35-35 pm	3.1
Belgium	79,35-79.80	79.60-79.70	8c pm-2 dis		per-10 dis	-0.3
Denmark	14.081-14.175	14.15-14.16	14ore dis	-0.63	3.75-4.90dis	-13
Ireland	1.2520-1.2680	1.2635-1.2645	0.30-0.40a dis		0.95-1.05dis	
N. Ger.	3.89'3.93	3.914-3.924	13-13-01 pm	3.44	3 ³ -3 pm	3.
ortugal	185.60-187.00	186.50-187.00			690-1300dls	
ipain	226.00-227.50	226.70-227.00				-14.
אופוני	2374-2384	2380'2-2382'5	141-161-lire dis		48-51 dis	-8.
lorway	10.97-11.02	11.00 - 11.01 -			11.0-12.1ds	-4
	11.883-11.953	11.93-11.94			101-111dis	-3.
France						
Sweden	11.62-11.67	11.65-17.66			7.85-8.90dis	-2
lapan	346 1, 3491,	3472-3482	0.90-0.80y pm		2.55-2.35 pm	
Austria	27.40-27.55	27.50-27.55	7½-6½gro par		21-17% por	2
Switz.	3.162-3.792	3.18 - 3.19 -	14_1'+c pm		44-3½ pm	5.0
			francs, Financial			
	Six-month forwa	ard dollar 0.26	-0.31c dis. 12-mor	1th 0.5	7-0.67c dis.	

as a disappointment to a rather \$200m in the visible balance jaded U.S. bond market. turning out to be a surplus of

aded U.S. bond market. turning out to be a surplus of Sterling was boosted initially £110m, which when added t by signs that the war between the invisible figure gave a cur Iran and Iraq was about to flare rent account surplus of £270m Iraq to have mined part of the of selling on Thursday, which Gulf and later threats to bomb left it lower on the weel a petrochemical plant in Iran.

The general tone was also helped by better than expected mer against other major cur-September trade figures, with rencles when compared with the the expected deficit of around previous Friday.

FORWARD	RATES	AGAINST	STERLIN	G
	Spot	1 month 3 m/s	of the Amonth	12 m

Dollar 1.4956 1.4960 1.4973 1.4985 1.5015				· · ·		
D-Mark 3.925 3.9110 3.885 3.866 3.7965 French Franc 11.9350 11.9650 12.046 12.209 12.536 Swiss Franc 3.19 3.1756 2.15 3.112 3.035		Spot	1 menth	3 month	5 month	12 menth
	D-Mark French Franc Swiss Franc	3.9225 11.9350 3.19	3.9110 11.9650 3.1796	3.8895 12.046 3.15	3.8565 12.209 3.112	3.7965 12.535 3.035

BANK OF ENGLAND TREASURY BILL TENDER

	Oct. 28	Oct. 21	: 1	Oct. 28	Oct, 21
Bills on offer Total of	ı		rate of discount."	8,8442%	8.8648%
applications Total allocated Minimum	£100m :		rate of discount	8.83079 9,042	8,8598g 9,04%
Allotment at minimum level	:	£97.79 5%	Amount on offer at next tender	£100m	£100m

CURRENCY	MOVEN	MENTS	CURREN	YCY	RATE	S
Oct. 28	England	Morgan Guaranty	Oct. 28	Bank rate %	Special Drawing Rights	Europes Currenc Unit
	83.5 126.2 92.0 117.3 126.9 161.7 116.3 67.5 125.6 Changes		Starling U.S. \$ Canadians Austria Sch Belgian F Danish Kr. D mark Guilder French F Lira Yen Norwyn Kr. Spanish Pta Swedish Kr Swiss Fr Greek Drich	81 ₂ 9,49 35 ₄ 9 7 4 5 91 ₂ 17 5 81 ₂	19,5253 56,5603 10,0242 2,77524 3,11524 8,45938 1689,70 246,971 7,81056 160,937 8,27266 2,25382	0.57690 0.86229 1.06251 15.8663 45.9002 8.14442 2.25577 2.53102 6.87362 1373,45 200,614 6.35213 130,914 6.72162 1.83195
1980-1982—100, Bi (base average 197)		ieng mger				

C\$/SDR rate for Oct 27: 1.30673

HE	DOLLAR	SPOT	AND	FORWARD

ct 28	Day's Spread	Close	One month	7. p.a.	Three months	p.a.
IK†	1.4900-1.4990	1.4950-1.4960	0.03-0.08c dis	-0.44	0.16-0.2141	-0.49
efand†	1.1870-1.1885	1.1815-1.1825	0.30-0.26c pm	2.83	0.84-0.77 pr	n 2.71
anada	1.2320-1.2325	1.2320-1.2325	0.05-0.03c pm	0.39	0.12-0 09 pr	n 0.34
ethind.	2.9300-2.9420	<u> 2.8400-2.5420</u>	0.93-0.83c pm	3.60	2.65-2.55 pt	n 3.54 j
elgium	53.20-53.30	53.24-53.26	42-3c pm	0.54	4-1 pm	0.13
enmark.	9.4340-9.4750	9.4675-9.4725	Fore burning and	_	11 ₂ -2 dis	-0.74
/. Ger.	2.6100-2.6250	2.6210-2.6220	0.87-0.82of pm	3.8	2.52-2 47 pc	n 3.52
ispurro	124,50-125.00	124,70-125.00	130-290c dis	-20.18	450-850dis	-20.22
pain	151.65-752.00	151,90-152,00	140-175c dis	-12.45	470-540dis	-13.30
aly	1592-15931	1592-1593	912-10(ire dis	-7.35	30%-3115 dis	-7.82
lorway	7.3590-7.3700	7.3600-7.3650	2.20-2.70ore dis	-3.99	6.60-7.70dia	-3.72
rance	7.9625-7.9975	7.9900-7.9950	1,70-1,86c dis	-2.67	6.30-6.60dia	-3.2t
weden	7.7900-7.7980	7.7900-7.7950	1.60-1.80c dis	-2.62	4.40-4.90dis	-232
nsan	232.10-233.00	232.65-232.75	0.66-0.61y per	3.28	1.32-1,87 pc	3.25
ustria	18.39-18.45	18.44-18.45	5.70-5.10gro pm		16-14 pm	
Witz.	2.1205-2.1325	2.1305-2.1315	1.05-1.00c pm		2.95-2.90 pc	
	leiguan rete is		trancs. Financia			
† UK	and Ireland a	rs quoted in U	.S. currency, F	orward	Dieminas e	nd Ì

EXCHANGE CROSS RATES

Oct. 28	Pound St'rling	U.S. Dollar	! Duetschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	العائدة العالحة	Canada Dolla	r Belgian Franc
Pound Sterling	0,669	1.496	3,923 2,623	548.3 232.9	11,985 7,961	3,190 2,135	4,400 2,942	2382. 1592	1.843 - 1.232	79,65 - 63,25 -
Deutschemark	0,255	0.381	11,26	88.78	5.045	0,813	1,122	607 1	0,470	20,31
Japanese Yen 1,000	2,872	4.294		1000,	34.27	9,160	12,63	6838,	5,291	225,7
French Franc 10	0,838	1,253	3,287	291.8	10.	2,678	3.587	1995.	1,544	66.74
Swiss Franc	0,313	0,469	1,230	109.2	8,741	1.	1.379	746.6	0,578	24,97
Dutch Guilder	0.227	0,540	0.891	79.15	2.713	0,725	1,848	541.3	0.419	18.10
Italian Lira 1,000	0.420	0,628	1.647	146.2	5,012	1,839		1000,	0.774	55,45
Canadian Dollar	0,543	0.812	2,129	189.0	6,478	1.731	2,568	1293	2,313	43,25
Balgian Franc 100	1,255	1.878	4,925	437.2	14,98	4.005	5,524	2990		100,

MONEY MARKETS:

Stimulation required

Frankfurt was one of the been no major shift in Fed changed.

more interesting money market policy. The E centres last week, but that was only because of doubts about threatened to ease on more daily more whether the Bundesbank would allow a month-end scramble for shooting up, or supply a securities repurchase agreement to replace the DM 7.1bn draining finished from the market today as the existing agreement expires. Between DM 3bn and DM 4bn

was lost to the market at the beginning of last week through expiring currency swaps, but at that time liquidity was ample that time liquidity was ample and the money was not replaced. But with banks adjusting their balance sheets and needing funds at the end of the month the German authorities decided to offer another repurchase agreement, and on Friday accepted bids of DM 7.5hn, at 5.5 per cent.

New York Federal funds fell to 9 per cent on Tuesday, after the Federal Reserve rolled over \$2.5bn injected into the banking system on Monday. This failed to produce much enthu-siasm from a depressed bond market however, and as Fed funds returned to around 91 per cent to 91 per cent on the following two days, without any further move by the authorities, it became clear that there had

Short-term rates in London little trouble in absorbing the threatened to ease on more encouraging views about inflation prospects, and speculation about lower mortgage rates. encouraging views about infla-tion prospects, and speculation ranging between £450m on another i point off base rates about lower mortgage rates. Monday, and a forecast £100m by Christmas, no one would be These hopes were later dam-pened however, and rates brought forward surplus Year with the present rate finished the week little balances of £37m into Friday structure.

after help of only f97m. The market lacks any sort of stimulus at the moment, and apart from a few optimistic

LONDON MONEY RATES

Oct. 28 1983	Sterling Certificate of deposit	interbank	Local Authority deposits	Local Auth. negotiable bonds	House	Company Deposits	Discount Market Deposits	TYBRESITY	Eligible Bank Bills \$	Fine Trade Bills #
Overnight	i	9-966	91g-914 91g	<u> </u>	=	9-94	834.914		= !	
7 days or 7 days notice	=	919-956	918-914	=	Ξ	914	9.91g] =	I = I	= !
One month Two months	9492	914.914	914	934.91g	914 914	91g	9	9 <u>.</u> . 8 1 2-633	93.	921 922
Three months	3% 37	949 91g	9 (\$	958 958 91g.914	93g 91g	958	9	879	845 843 843-85s	91g 91g 91g
One year	929 94	9% 9% 9% 9%	954 917 1058	10-94 97 ₈ -948	87°	{ =	=	=	=	= 1
Two years	_	(- :	10%	. – .	_	· -	~	_		_ :

ECGD Fixed Rate Export Scheme IV. Average Rate forinterest period September 7 to October 4 1983 (inclusive) 9.719 per cent.

Local authorities and finance houses seven days notice, others seven days fixed, Long-term local authority mortgage rates nominally three years 10% per cent; four years 11 per cent; five years 11 per cent. • Bank bill rates in table are buying rates for prime paper. Buying rates for four months bank bills 8° 2.2° 20 per cent; four months 't rade bills 9° 2.2 per cent.

Approximate selling for one-month Treasury bills 9 per cent; two months 8° 2.2° 20 per cent; three months 8° 2.2 per cent; trade bills one month 9° 20 per cent; two months 8° 20 per cent and three months 9° 20 per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent from October 1 1983. London and Scortish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5° 20 per cent.

Treasury Bills: Average tender tates of discount 8 8007 per cent.

Cartificates of Tay Decosity (Sense 6). Peocetic

INTEREST RATES =

MONEY RATES NEW YORK GERMANY

SWITZERLAND

SDR LINKED DEPOSITS

ECU LINKED DEPOSITS

NETHERLANDS

S CERTIFICATES OF DEPOSIT

LONG TERM EURO \$

EURO-CURRENCY INTEREST RATES (Market closing rates)

934.978 974.101 964.978 612.668 43.445 618.614 15.1514 1812.1814 914.934 959.959 813.613 1059.1071 914.913 10-101₁ 10-101₄ 61₂-65₈ 1059-111₈ 9-2-10₁₂

FT LONDON INTERBANK FIXING

.S. c	. dollars	6 month U.S. dollars			
Τ	offer 9 11/16	bid 9 11/16	offer 9 18,.6		
<u>L</u>	OTTER STITLE	DIG 8 11/10	_		

The fixing rates are the aridimetic means, rounded to the nearest one-senth, of the bid and offered rates for \$10m quoted by the market to live rence banks at 11 am each working day. The banks are National Wastminster

FINANCIAL FUTURES

U.S. TREASURY BONDS (CET) S": \$100,000 Tänds of 100"L

	Sito poests of 190",		Close	High	LOW	Prev
-	Close High Law Prev	Dec March	70-36 70-12	71-10 70-24	70-29 70-11	77-05 70-19
ŀ	Dec 90.35 90.36 90.33 90.22	June	89-33		69-27	70-03 65-21
إع	Marsh 舒持 第57 回答 界段 June 舒缓 新海 景好 游泳	Sept Çet	卷·华 卷·仪	69-24 69-13	69-14 69-02	49-21
•	Sept 29.41 19.41 29.40 29.37	March	6-3	a. 35	64-24	86-31
5	Dec \$2.15 — — \$2.17	June	68 -15			44-22
	Volume 1,255 (1,782) Frevious day's open set 7,714 (7,712)	Sept	48-05	62 -17	86-Q\$	48-75
. 1		Dec March	=		_	
•	THREE-BROKEN STERLING DEPOSIT	June	_	· <u> </u>	-	
			REASUR		(SAMA)	
	Close High Love Frey Dec 90:79 90:79 90:77 90:76	Sim p	okata of	100%		
	March 90.50 90.52 90.46 90.44		Close	High	ren,	Prev
	June 90.20 90.20 90.78 90.12 Sent 59.86 — — 39.84	Dec Merch	91.12 90.88	91 18 90.75	51.11 30.86	\$1.16 50.73
٠.	Sept \$5.95 \$6.94 Dec \$6.50 \$9.60	June	30.40	20.46	30.39	30.44
₽	Volume 578 (47)	Sept	90 15	90,22	\$0.15	50.7
1	Previous day's open int 5,132 (5,214)	Dec	89.91 89.70	25.56	29.31 23.70	# 94 19.72
1	20-YEAR 12% MOTIONAL GILT	March Jone	29.ST	89.78 89.52	29.51	29.53
•	£50,000 12nds of 100%.	Sept	89.34	_	-	21.31
- 1	Close High Low Pres		DEPOSIT	(MMM)	 	
1	Dec. 107-16 107-20 107-85 107-87 March 107-07 — — 106-24	Sim po	ints of	100%		
	March 107-07 — 106-24 June 106-20 — 106-11	_	Close	High	Low	Prev
1	Sect 108-08 195-30	Dec	30 44	50.57	30.42	50 PG
	Dec 105-26 105-17	Merch	89.97	90.04 29.70	25 97 39.63	90 63 28 67
ı	Volume 1,385 (2,345) Previous de/s apen int 2,205 (2,380)	June Sept	29.62 25.78	25.42	28.38	38.41
.	Basic onote (clean cash price of TF17)	Dec			_	
- 1	Treasury 2005 less equivalent price of	March	77.50			Ξ
	near futures contract) 4 to 12 (32nJ;).	. Sept			<u> </u>	
1	STERLING £25,008 \$ per £	Sim or	MONTH Sints of	100% 100%	THE ST	
•	Close High Law Pres	- tti	Ciosa	High	Low	Pres
1	Dec 1,4950 1,4982 3,4921 1,4945 Warch 7,4958 7,4954 1,4943 1,4960	Dec	90.02	9D.Õ6	90.00	50.97
-	June 1.496 — — 1.4976	Morch	44.61	89.46	89.31	₩ 65
1	Volume 169 (233)	June Sept	29,31 29,07	29.36 25.11	89.06 89.06	29.35 29 10
1	Previous day's open int 1,452 (7,491)	Dec	22.83	88.84	22.24	38 96
Ì	DEUTSCHE MARKS DM 125,000	March	\$6.61			林.4
Į	S per DM	STERLI		A) Se po	3 א	
١	Close High Low Prev Dec 0.3835 0.3845 0.3836 0.3838		Close	High	Low	Prev
٠ ا	March 0.3870 0.3878 0.3870 0.3871	Dec March	1.4970	7,4965 1,5000	1.4940 1.4955	1.4955 1.4975
-	June 0.3903 0.3905 0.3803 0.3904 Volume 7 (53)	June	1.5010	1.5040	7.4980	1.4995
:	Previous day's open int 356 (366)	Sept	1.5030	1.5050	1.5000	1.5015
9	SWISS FRANCS SWF: 125,000	Dec March	=	=	=	= }
1	S per Swiff	CHIMA	(CBT) I	% S100.	000	
š ļ	Close High Low Prev		of 700%			
٩ſ	Dec 0.4729 0.4738 0.4729 0.4740		Close	High	Low	Prev
1	June 0.4850 0.4862 0.4860 0.4867	Dec March	68-18 67-21	68-22 67-28	69-18 67-20	67-21
1	Volume 10 (33)	Jupe	66-26 68-04	66-31 66-08	66-24 66-04 66-18	66-25 86-02
ł	Previous day's open jut 108 (113)	Sept Dez	65-04 65-18	65-08 65-21	66-04	65-16
ł	JAPANESE YEN Y12.5m 5 per Y100	March				
ı	Close High Low Prev Dec 0.4315 0.4322 0.4315 0.4315	June Sept	64-22 64-11	_	_	64-20 64-00
ŀ	March 0,4362 0.4352 0.4353 0.4361	Dec		=	=	
j	June 0.4387 0.4387 0.4384 0.4386	March		_	_	!
1	Volume 5 (29) Previous day's open int 155 (156)	June Sept	=	~	_	
Į					-	_
•						
1	WEEKLY CHANGE IN W	2012	INT	DEC	r 883	ree !
_ {	MEENLS VINNIGE IN W	עבדע	1411	-VE-2	I INA	<u> </u>
-						

	Tressury Bill Tender Band 1 Bills Band 2 Bills Band 3 Bills Band 3 Bills 1 Bith. Francury Bills 1 Bith. Fault Bills 70KYO One month Bills Three month Bills SRUSSELS One month Three month Three month Three month Landon—band 1 bi") band 3 bills 34 to 65 band 3 bills 34 to 65	876 84 84 82 8.21875 8.4575 8:4 9:5 6:4 6:4 6:4 6:4 8:4 8:4 8:4 8:4 8:4 8:4 8:4 8:4 8:4 8	Unch'd + /s - 0.681 Unch'd Unch'd Unch'd Unch'd Unch'd - 3 - 0.675 - 10ch'd + /s + /s - 10ch'd - 10ch'd	Federal funds 3 fifth, Treasury Bills 6 Mth. Interbenk Three month Three month MILAN One Mth. Interbenk Three month 4 days, band 2 bills 6 days, band 2 bills	9.6.60 9.81 9.25 9.25 9.25 12.25 12.25 12.25 17.6 12.5 17.6 12.5 12.6 12.6 12.6 12.6 13.6 1	Unch'd + 0.10 + 0.11 + 0.25 Unch'd - 0.15 Unch'd Unch'd Unch'd Unch'd
-	band 3 bifts 34 to 65 selling rates well the	ldays, Ra morey mi = meney :	ries gant	4 days, band 2 bills 1 ad represent Bank of other centres rates an ad their respective of	England be repeatedly	deposit

U.S. \$125,000,000



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(Subordinated to deposits and other liabilities)

For the six months 31st October, 1983 to 30th April, 1984

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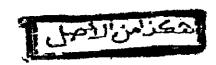
Interest % | 101 | 11 | 11 | 111 | 111 | 111 | 111 | 111 |





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SECTION III

FINANCIAL TIMES SURVEY

Nest Germany

economy is the most enduring problem facing Chancellor Kohl, who is under attack n critics on the right and the left. Yet, although the German miracle is gone and will be repeated, the key factors behind the country's sound post-war economic performe are still present

ese problems and potential ingers, but it is easy to let

the Federal Republic acing a new, uniquely

ohl digs in for hard winter

West Germany's sad fate to be viewed as a land stremes. Either the Germans are said to be acle workers" or they are felt to be going down rain. This Autumn there is a lot of superficial nce to support the pessimists.

hancellor Helmut Kohl's centre-right coalition nument, in office for just over a year, faces fierce stic pressure on two main issues, nuclear missiles

By JONATHAN CARR

Bonn Correspondent

in parliament and business, who

economic and social approach

-he could turn out to be an "interim Chancellor," like

Ludwig Erhard in the mid-1960s

who lasted only three years in

reds of thousands o trators are turning out zent of American Interur. In parliament, the on Social Democrat SPD) is abandoning the -twin track" (arm and e) nuclear strategy it

the costly social security system. But the Chancellor is also under gly supported while in wanted to see much deeper hoice of backing down, ent and further divid-

troubled nation. even warn that if Herr Kohl does not do more to bring about st growth in Gross Product (GNP) after essive years of contrac-But unemployment has he promised on coming to power an average of well on and is bound to ally Herr Kohl is under

a the political left and the top job. But to whom would 'e unions, who want to Herr Kohl give way if these state deficit spending hard-line critics proved right. complain bitterly about and with what social

vital western interests are parliament and country went through years of dispute over rearmament, formation of the Bundeswehr (the federal ermed forces) and membership of Nato-which surpassed in bitterness the arguments going on now. The SPD and Dr Konrad Adensuer's Christian Demo-cratic Union (CDU)—now led by Hest Kohl—seemed to be

not so much parliamentary opponents as arch enemies. The Social Democrats were against Nato membership (not least because they felt it would impede German reunification) and accused the then Defence Minister, Herr Franz Josef opposition for 17 years. If it were passed, bringing charges is lucky, it may not be out of at home and abroad that West

Republic faced what many people saw as a grave new challenge to its democratic system. For three years a "grand coalition" between unlikely partners—the CDU and SPD—virtually blotted out parliamentary disposition.

Entergences were passed or the property of the passed or the property of the passed or the pass the streets in protest. Tho demonstrations gave way to the student riots and the extra-

Ostpolitik

In the early 1970s new verbal battles empted over the SPD March this year broadly con-Chancellor Willy Brandt's timed the trend. It confirmed "Ostpolitik" which many on in office the middle-of-the-road. the right felt meant selling out national interests to the communist East. Later in the decade the upsurge of terrorism ing Bonn and many political and business centres through-

They have ignored the wildest threats and promises and have given virtually no support to extremist parties at any time, with one exception on the rightwing for a time in the 1960s.

The latest general election in in office the middle-of-the-road. Herr Kohl, with his liberal coelition partner, the Free Democrat Party (FDP). The FDP is widely claimed to

be in its death throes, but then this has been said of it since its foundation. Probably more



Anti-nuclear campaigners blockade the gate to a U.S. Army ammunition depot in West Germany. Nuclear missiles and the domestic economy are the two big issues facing Chancellor Kohl

by an SPD revelling in freedom None of that means Herr Kohl does not face a hard autumn and winter with much sound nd fury over the missiles. Quite apart from the domestic resistance to deployment, the Soviet Union is felt bound to intensify its campaign of threats mainly at Bonn (also no new experience for a West German

The most likely outcome is

that the first handful of new American weapons will be delivered more or less on schedule, that the storm of protest will gradually recede and that the Superpower negotiations on missiles limitation

and Union will insist it is no longer

After all, until some three not even begin negotiations on intermediate range missiles. Herr Kohl's economic problems are more durable. He is now entering a difficult third phase of his Chancellorship. The first phase, from last October until March, was dominated by the General Election campaign and inevitable slogans in support of Herr Hohl like "Vote for the

(economic) Upswing." The second, from March until about late summer, was marked by a surge of business confidence that, with the threat of an SPD-Greens parliamentary majority removed, better ex nomic times were on the way.

In the third phase the euphoria has largely evaporated and the problems seem to loom almost as big as before—rela fively high government borrow ing (despite cuts), a growing number of jabless, big problem sectors like shipbuilding, steel and, more important, elec-

The Germans also hear a sceptical chorus of foreign has happened to the "land of quite a lot are inclined to ask nemselves the same thing.
The realistic answer is that there is no miracle and that CONTENTS

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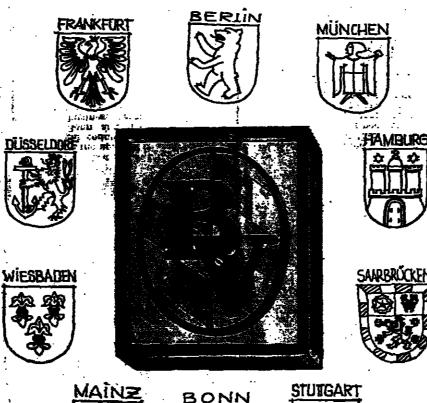
Dr Heinz Riesenhuber

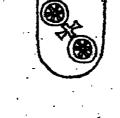
COMPARATIVE PERFORMANCES for 1982

Coduty	Ares	inhab	tants	Gros	s Hytiocol Pro Sheer in	oddet.	Hourly	Expe	erita	Jaspa	urts	Inflation	Capital	Official
	in thou- sand of sq km	in m.	per sq ism	Des brs	% of industria- lised countries	Per in- babitant DM '000	ings" DM	DM be	% of GNP1	DM bo	% of GNP†	rate¢	market rate of int #5 in %	ne- servesi¶ DM bn
Germany	249	62	249	1,595	8.7	25.7	36.68	428	28.7	376	23.5	+4.6	7.9	115.0
France	547	54	99	1,309	7.2	24.2	29.62	224	17.0	289	21_3	+9.7	15.4	46.8
Utd Kingdom	244	56	229	1.138	6.2	20.3	17,34	236	20.8	242	21.2	+5.4	10.6	31.2
U.S.	9,362	232	25	7,251	40.3	33.7	28.48	516	6.9	592	7.8	+2.9	10.6	78.4
Japan	372	118	317	2.546	13.9	21.6	16.27	369	14.5	346	13.6	+1.8	7.8	57.7

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WEST GERMANY II

The Chancellor's most notable achievement is to see possibilities for agreement in the midst of differences

Unruly coalition rolls on

Politics

JONATHAN CARR

A YEAR after taking over-Chancellor Helmut Kohl has turned out neither the disaster his opponents predicted nor the harbinger of revolutionary change soure of his more hotheaded supporters wished. He resides over the usual unruly Bonn coalition of the centre. At the most recent test of his popularity, two Land elections in September, his Christian Democrats lost votes in one state and gained them in another. Not bad,

Ranged against him in parliament are the Social munified. On the important question of whether West Germany should scrept new U.S. nuclear missiles, a dam burst of anti-medear sentiment has overwhelmed not only the

Bundestag since the March with a coherent identity, % has election, the Greens, have performed wonders of hard within the Government.

For the moment, the still constitution occasionally foolish and often bridly overstretched, they are making their presented felt in a wider area than the centre or axis of Herr Robl's wider area than the still sentences of disarrelation as the still area of the still area. preoccupations of disarranew, the environment and the role of women. However, the deputies are in a state of of the times.
For the chanceller, Rere

perpetual tension with the movement at grass-roots, where can be found shades of left-wing opinion and a dogmatic fanaticism that many thought At the start of the year after taking office Helmut Roll gives the impression that he has only ever been Federal Chancelor,

nothing eise. His most notable characteristic, to see possibilities for agreement in the midst of glaring differences, has proved a great asset in handling his coalition and, above all, the snipling between the junior partners, Herr Hans-Dietnich Genscher's Free Demograts (FDP) and Herr Franz-Josef Strauss's Bavarian Christian Social Union (CSU).

The FDP, whose traditional role is to make and then destroy German government, is still weakened by its abandonment of Herr Schmidt in September, 1982. Never a party ties for agreement in the midst

with Herr Genscher, which stretches back at least to 1969 when Herr Kohl actually tried to put together a union-FDP government against the spirst

Genscher acts as a counter-balance to the CSU and parti-cularly Herr Strauss's ambitions. The Bavarian, whose intellect has always outstripped his political judgment and consistency, suffered a serious ser-back at home in the summer when a CSU party congress rebelled at their chairman's role in negotiating a federal guarantee for a bank loan to East Germany. In recent months he has been keeping quieter than usual,

CDU dominant

The result is that Hear Roll himself, and the CDU are very much dominant. However, Hear Kohl faces the problem of maintaining the conlitten balance should the Boun public prosecutor's investigations of illegal party contributions force resignations in Cabinet. nations in Cabinet.

deficate areas of foreign policy (shows all with Best Germany) and try to host the wounds in

see the SPD's future in scooping

The risk in this line. support of Nerr Willy Brands, the party chairman, is that it risid chemiting a changing but still traditional working class. Not surprisingly, the Greens are extremely disturbed at this

they swim more or less conforably in likely to lose the must character once the first missis

It is open to que they can curve a make for them-selves to survive in the Land

The motives behind Erich Honecker's benevolent new Westpolitik

Closer ties in tougher times

Relations with East Germany

LEGINE COURT

LESS an authority on East-West German relations than Herr Egon Bahr, the negotiator of West Germany's basic relations treaty with East Germany for the previous SPD-Germany for the previous SPD-ied Government has praised Chancellor Helmut Kohl's policy towards East Germany. He said the Chancellor was clever iown by the SPD and was now

rearists the harvest." The harvest consists of a host of contacts between West German politicians and the East German leadership, the likes of which have seldom been seen sluce the division of Germany was completed in 1949. East and West Germany are resuming long postponed talks on a cultural agreement and an agreement on science and tech-nology while beginning negotia-tions to clean up the polluted in return for a DM 1bn loan o East Germany in June by guaranteed by the Boun Government, East Germany has

eliminated the currency exrequirement is entering Germany up to the age of 14. Previously churlish East German border guards are now engaged in a version of socialist competition" to see who can be friendlier to West

Germans entering the country.
East Germany has grabbed headlines in West Germany by East Germany has grabbed west Germany's witingness to help East Germany with its distrantling the automatic debt problems is proof than shrapped weapons mounted at Bonn is the one which holds its final border fence to stop East Germans from escaping. Herr Erich Honecker, the East tress and not the Soviet Union tress and not the Soviet Unio which he referred to as green light to intensify its con-"things." He added they were tacts with Bonn in order to



Priendlier relations now exist between Erich Honecker, the East German leader, and Chancellor Kehl (right)

"bermiess" compared with the demonstrate what can be new U.S. missiles which are to be deployed in West Germany. frains from deploying the U.S. siles in fact go far towards explaining the motives behind East Germany's benevolent new is vet another loan from the West if it is to get chrough this

Westpolitik. bunched repayments on its esti-mated \$11bn-\$12bn debt to the West, without sharply curtailing supplies to its population,

Moscow approves

West Germany has made its guarantee of an additional loan conditional upon further East German steps to improve humanitarian contacts between the two Germanies.

West Germany's willingness

missiles on its territory.

Herr Honecker recently stressed that a "new ice-age 's benevolent new could descend on East-West
East Germany German relations if this took
ther loan from the place. He added that he was speaking in the name of the German people," a phrase which was music to Bonn's ears, as East Germany for more than a decade had refused to admit its population is of German astionality.

> Ironically it has been much easier for East Germany to turn on its gruff charm to Herr Kohl's government than to the SPD under Helmut Schmidt. The majority of East Germans have always felt more sympathy for the SPD than for the CDU which automatically made the Social Democrats a far more dangerous partner for the East

There are limits to how far Herr Erich Honecker, the East tress and not the Soviet Union East Germany is likely to go in German leader, said earlier this as was once supposed.

East Germany is likely to go in retaliation against West Germany in East Germany had decided to remove all the weapons has given East Germany the many are locked into a series which he referred to as green light to intend to the control of the con

West Germany transfers m than DM thu annually is East
Germany in payments connected with West Berlin's
presence 110 miles inside East Germany. East Germany benefits enor-

mously from the DH 165m hi trade it will conduct with West Garmany this year. Nowhere else can it south mode without paying hard currency as it does in the clearing arrangement used in inter-German trade. used in inter-German trade. Similarly the preducts which it delivers to West Germany are extremely difficult for East Germany to sell elsewhers.

When they came to office the Christian Democrats, spoke of the principle of "results in return for results" as the one which would guide them in their relations with East Gertheir relations with East Germany. In short Bonn would offer concessions to East Ger many only to the extent to which East Germany made concessions to West Germany. in the ensuing year the CDU. predicament as its SPD prede

reductant to criticise publicly East Germany for making in sufficient concessions as this would be tantamount, it believes, to admitting that its 'hard-heeded" approach towards East Germany was not meeting with the desired results. Thus West German officials went out of their way to defend the dismenting of the automatic weapons at the border as the best one could in such a sentitive area. Government officiels aiready speaking about the con-

have to meet in order to get a fresh loun shihough East Berlin had only taken the first humanitarian steps Bonn had called for when guaranteeing It is now the SPD opposition which is criticising the CDU for allegadly giving too much to East Germany without demand-

Kohl prepares for a hard winter

CONTINUED FROM PREVIOUS PAGE

thought that talk about former miracles (some people even (perhaps they have even gone refer to two of them in post-too far towards killing the war Germany) was always a patient) and the Germans have lost a lot of that relative lost a lot of that relative

their chances in the extra-ordinary circumstances of postwar reconstruction and Marshall Aid; but in the 1960s they were already experiencing their first recession, mild by modern standards but still in-

the mid-1970s the Germans seemed to many people to be union organisation—a descrip-producing another miracle, tion still valid despite flerce producing another miracle, turning in a record trade surplus despite a higher oil bill, and keeping inflation relatively

In fact there was little miraculous about it. West Ger-many held to a relatively night fiscal and monetary policy at home when its major partner committee were trying to spend their way out of trouble, and instead boosted their inflation

The result was a boom for German exports and a relative advantage on costs and prices have been adapting to produce

which lasted for years. More higher-value products for new recently almost all countries markets. recently almost all countries have battled against infation (perhaps they have even gone too far towards killing the

In the circumstances it may seem almost "miraculous" that the Federal Republic achieved its biggest ever trade surplus last year (though weak imports help account for this as well as thriving exports). volving GNP contraction in real terms and sharply rising unemployment — all the more shocking after the boom years of the 1950s.

After the first off crisis in formance are still present. One is a strong and moderate trade

> Another is an independent central bank. Yet another, powerful but less definable, is a widespread inbuilt aversion to inflation dating back to the hyperinflation trauma of the Weimar era.

public rhetoric and the gradual

generation change in the leader-

Further. alongside problem sectors are success stories—for example in stories—for example in chemicals, vehicles and engin-eering where many companies

markets.

Perhaps they should be adapting still faster. There is at least a strong suspicion that the Germans are not quick to ponuce on new ideas. But once they have set themselves paintially on a new course they are thorough and termdous.

What they urgently need is the steady, durable emergence of their trading partners from recession—and that is something over which they have

thing over which they have relatively little influence. Is West Germany then simply

a country very like its medium-sized western European neigh-bours, neither performing miracles nor plunging into revolution but struggling along fairly well in hard circum-That definition would stand but for one thing—the Federal Republic is one part of a divided nation. The point should

be stressed this year in particular for two reasons. First, those who felt that Herr Kohl's Government might intro-duce a far tougher policy line-towards the communist East, and towards East Germany in porticular, have been proved wrong, Herr Kolil's "Osmolitik" is fully in line with that of his Social Democrat predecessors

It might even be argued that Hear Robl has gone further, by approving a DM 1bn credit to the East Germans to ficip improve ther. There may well be a temporary freeze in inter-German ties when the new U.S. missiles are deployed, but no Second, while attention naturally focuses on the inter-

mediate-range missiles negotia-tions at present, they are only one part of East-West talks sized at achieving balanced cuts in forces and weaponry. Progress has been very slow but exceed implies some loosed-ing of the influence of both emperpowers on the European manosurre for the two General

That is not for tomorrow of round the day after. But the Foderal Republic remains constitutionally committed to German unity.

It is worst noting that in

letter to Heer Kohl this month the East German leader Erich Honocher highly unusually ended with the phrase "in the name of the German people. Herr Honocker used to seem at

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Hopes pinned on higher exports

Economy JONATHAN CARR

OR ALL those ready to make no very big, positive assumption, the outlook for the West erman economy next year is musually good. Most forecasters pect Gross National Product to the form of the period ar's growth rate, itself a clear iprovement after two succes-te years of real GNP contrac-

m.
Consumer prices should rise
average by well below the
83 figure of about 3 per cent;
e current account of the
lance of payments should
ow a slightly bigger surplus
d government borrowing is
ely to be cut for the second ely to be cut for the second ar in a row.

The biggest flaw in the pic-e is that even with the higher momic growth rate unemploynomic grown rate unemploy-nt will rise to an average of ne 25m (about 10 per cent the dependent labour force) ar 2.35m this year.

This is mainly because, for ographic reasons, about ,000 more people annually coming onto the labour martis is 2 problem with which st Germany will have to live a few years yet.

he big assumption is that ex
"Ms will pick up strongly next
r and act as "locomotive"
an economic upturn so far
ained by home demand,
man industrialists seem to
e few doubts that this will
pen.

survey published this th by the IFO economic arch institute of Munich vs that industrialists believe r export sales will rise on age by 8 per cent in 1984

after only I per cent this year. Manufacturers in the key invest-ment goods sector as well as producers of consumer durables producers or consumer oursavies are among the most optimistic. German companies evidently believe that two factors in par-

believe that two factors in par-ticular are going to help boost their foreign sales. One is the clear undervaluation of the Deutsche Mark against the U.S. dollar. This not only improves the price competitiveness of German goods in the U.S. itself (which takes only about 7 per-cent of Germany's exports) but on all markets where the Ger-mans are up against American rivals.

The other factor is that the companies expect the economic upswing in the U.S. to spread more strongly to Western Europe next year, where the Germans sell well over half their expects. their exports.

There is a problem with this analysis. A major reason for the over-valuation of the dollar against the D Mark has been the high level of U.S. interest rates.

Realistic

If German exporters expect If German exporters expect to continue to profit from this favourable D-Mark / dollar relationship, the assumption must be that U.S. interest rates will not fall. This seems realistic since few observers believe a seri in the U.S. hudget believe a cut in the U.S. budget deficit, a key cause of the high rates, is likely before the Presi-dential election next autumn.

High interest rates however are a big factor depressing investment and economic recovery—not least in those Euro-pean states to which the Germans are hoping to sell a lot more goods next year.

The German companies seen implicitly to accept this point when analysing their prospects at home. They think domestic sales will rise by only 4 per cent next year, after 3 per cent



id you say there was an economic upturn? Dr treman-oltenberg (left), Finance Minister, and Herr Karl Otto ochl, Bundesbank President, strain their cars for a word

True, German exporters have

in this, so that even with the hoped-for foreign boost, overall industrial production will rise by less than 2 per cent.

They plan to increase their for the downwards revision have

gross fixed asset investment in nominal terms in 1984 by 2 per cent. That is still double the rate for this year, but markedly gross nized asset investment in nominal terms in 1984 by 2 per cent. That is still double the rate for this year, but markedly below the boost in investment in 1984 which companies were planning at the start of this

its biggest ever visible trade surplus of DM 51.2bn. It is only right to note, however, that a big question mark hangs over prospects for 1984, and if exports go wrong then a lot of the other rosy figures for economic performance next year can be scrapped too. can be scrapped too. By all the previous experience

by all the previous experience of the post-war years, West Germany should now be in the middle of a foreign sales boom. Exports have always led the way in previous economic recoveries, boosting production, employment and then domestic demand.

This year things are different. This year things are different. West Germany has an economic undurn which is stronger, than almost anything further than almost anything further than the second of the se

210

tiously felt "zero growth" in real terms might be possible, later it revised its expectations up to 1 per cent, now some that with real incomes stagnant up to 1 per cent with real incomes stagnant up to 1 per cent with real incomes stagnant up to 1 per cent with real incomes stagnant up to 1 per cent with real incomes stagnant up to 1 per cent with real incomes stagnant up to 1 per cent with real incomes tagnant up to 1 per cent with real incomes tagnant up to 1 per cent with real incomes tagnant up to 1 per cent with was a source of econsumer spending. A further b

an unexpected cut in West Germany's deficit on "invisibles"—so that the country can still expect a current account surplus this year marginally bigger than that of 1982.

Nor was the economic recovery helped by an upsurge in investment as many pundits thought it might be. Instead

confidence in Chancellor Helmut Rob's centre-right coalition to "get the economy right" after more than a decade of rule by the centre-left. Pessimists suggest it was more a case of "eat, drink and be merry for tomor-row — who knows?"

in investment as many pundits thought it might be. Instead the upswing emerged partly through demand from the construction industry thick is benefiting from special Governs the usual fierce, public increased consumer demand.

It had seemed fair to assume that with real incomes stagnant or even falling again this year.

what it has not done. It has cut net federal government borrowing from a likely DM 50bn rowing from a likely DM 50bn this year to around DM 40bn (around 2.5 per cent of GNP) and may be able to cut it to below DM 37bn in 1984. At the same time it has helped boost the building industry and relieve the costs burden of private sector enterprises through tax and other benefits.

Ш

It has not followed the rash advice of some on the right who advice of some on the right who proposed a more sharp swing away from the state to the private sector. It has not even heeded the counsel of some members of the leading government party who, in opposition more than a year ago, were proposing slashing all state subsidies across the board.

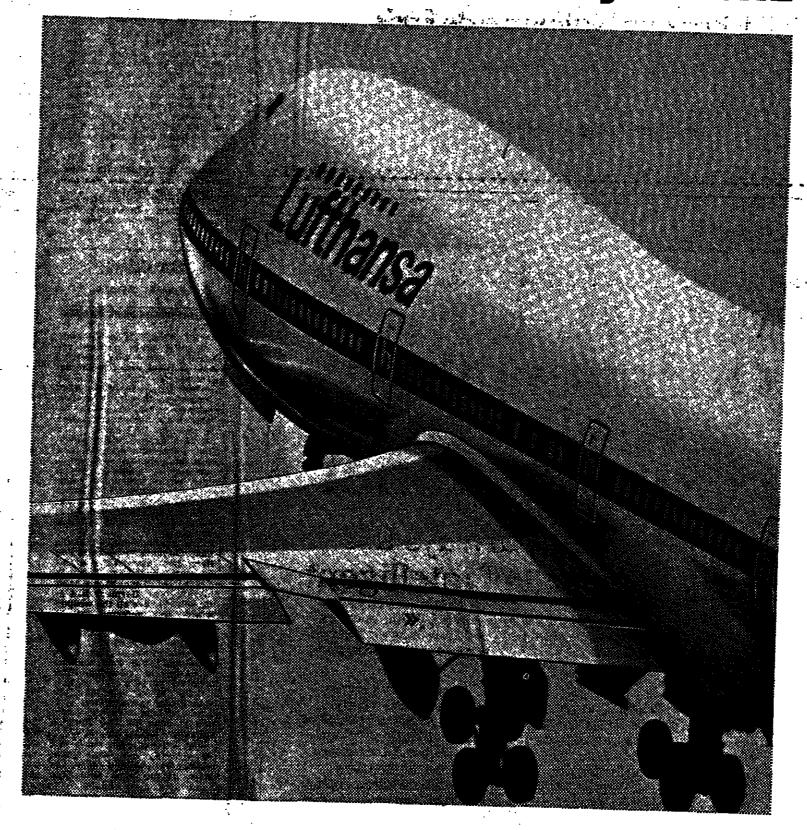
sidies across the board.

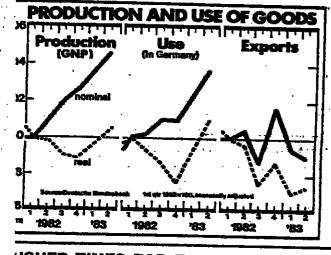
It sounds attractive—until you get down to the details and see the inequities and contradictions the "broad brush"

or pinning the biggest hopes in exports,

The Government — especially he outstandingly competent ment has followed a sensible middle-of-the-road course. The helps encourage

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UGHER TIMES FOR FOREIGN TRADE

		Share	Change	AR Drie	r veer
	DM ha	in %		in %	- 3
experts	427.8		+114		T 70
EEC	265.9	48.1	+10.9		+10.7
er European Countries	81.4		+14.9		
rth America	36.7		+ 2.5	+ 7.1	
in America					+ 6.8
ice	iri		+19.2		-19.5
2*	24.1	5.67	+25.5	+30.2	- 2.6
	48.7		+ 8.1		+14.2
tern Blec Countries	20.5	4.8	+ 3.0	+ 9.8	+ 4.9
stralia/Oceania imperts a REC	3.8	6.9	+ 42	+28.2	+18.8
imperiz	376.6	100.0	+16.9		+ 2.6
	181.3	48.1		+ 9.6	
er European Countries*	56.1	14.9	+19.4	+ 29	÷ 4 k
th America	31.6	8.4	+25.2	1 27	- 63
in America	13.0	2 4 3		+ 0.2	
ica	25.2				— 1.5
3*	45.4		+33.7		
tern Bloc Countries					
	21.3	5.1	+ 8.5	+10.3	+10.7
dralia/Occania	2.4		+ 9.3		
. Eastern Bloc Countrie	+ +0	which	: OPEC	D496	±Of
: OPEC 2.3%. 8 Of whi	h: OPI	C LIG	101	which:	OPEC
1 Of which: OPEC 4.2%	<u> </u>				~~~~

HOW THE SECTORS FARED

exports	427.8	100.0 + 11.4 + 12.3 + 7.8
d vehicles	72,4	16.9 + 6.2 +17.7 +16.4
· h. engineering prods.	66.3	155 +114 + 92 + 59
mical products	53.9	12.6 + 7.5 +13.7 + 2.9
trical eng. products	41.5	9.7 +10.8 + 9.0 +10.8
dstuffs, agric. products	25.1	5.8 + 16.8 + 23.9 + 3.2
ı and steel	21.2	5.9 + 4.1 +12.7 + 0.8
tiles	13.9	32 + 49 + 81 + 60
Alware	12.8	2.8 + 11.9 + 7.0 + 9.1
and spacecrafts .	11.7	2.7 +354 +57.6 +44.2
er products	109.8	25.8 +17.1 +11.5 + 4.8
imperts	376.6	100.0 + 16.9 + 8.1 + 2.0
eral oli, natural gas	60.2	188 +492 +174 - 52
istuits, agric, products	· 54.0	14.3 + 8.7 + 9.6 + 3.1
mical products	31.5	84 +107 +131 + 49
trical eng. products	24.0	8.4 + 19.1 + 10.0 + 4.9
eral oil products	23.4	62 + 45 +159 + 7.7
1 vehicles	17.3	4.6 - 1.5 + 7.0 + 0.9
iles	17.I	45 +10.6 - 8.4 - 1.0
banical eng. products	16.6	44 +184 + 1.7 - 84
ferrous metals	13.9	3.7 +37.9 -18.7 + 5.6
T products	118.6	31.5 +13.2 + 6.7 + 3.5
		

INDUSTRIAL SALES AND OUTPUT

	. 1	1982 1980 1981, 196 Industrial productio	
_	Sales DM bn	Expert Change on prior yes	II.
canufug industry;	1,128.5	28.3 - 0.4 - 1.9 - 2.	Ī
. iffs	129.7	8.7 + 2.1 + 2.4 - 0.	3
chicle buildine	128.2	47.9 - 4.6 + 8.1 + 1.	٥
ical engineering	118.7	463 + 33 + 61 - 3	ß
als	117.9	41.1 - 4.4 + 12 - 4	8
ral engineering	108.2	32.5 + 3.3 - 2.0 + Q	7
l oil processing	62.4	5.3 - 6.9 -11.3 - 2	1
id steel	41.9	41.8 - 3.5 - 2.7 -12	8
are	34.3	24.2 + 2.2 - 3.2 - 4.	
3	36.3	25.1 - 1.5 - 8.6 - 1.	
• 🖣	29.5	13.9 - 6.1 + 6.6 + 1.	
i processing industry		21.6 - 24 - 24 + 0	
E materials	27.5	19.2 - 2.6 - 8.5 - 6	
Procesing industry	24.9	11.4 + 6.3 - 9.2 - 19.1	
rating, cold roll, mil		200 TO THE AND	٠,
1810be	23.5	19.7 - 1.9 + 0.5 -10.3	ı İ
od light metal struct's		19.8 + 6.2 + 9.1 - 2.2	
ind deplicating ind.	20.1	65 + \$4 - 24 - 27	
E	19.9	15.6 - 5.1 - 6.9 - 5.3	ij
There make by budgeton	10.0	283 - 66 - 31 - 64	: 1

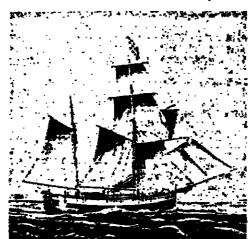


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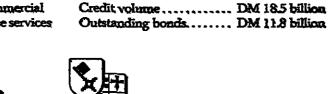


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the "small" team with big resources

Pöhl performs delicate task

Bundesbank STEWART PLEMENG

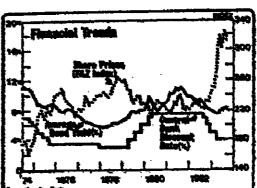
man who only took over the leadership of the West German Control Bank at the beginning

In the three years shoce taking office the Bundesbank President and his colleagues on the Central Banks executive board, the Direktorium, have had to face up to a succession of major challenges any of which could, if badly handled, have severely damaged the Bandeshant's hard won international reputation for indepen-dance, not only from the Gov-ernment in Bonn, but also from the banking industry.

The fact that Herr Publishould be invited to succeed Lord Richardson can be interpreted at least in part as an implicit confirmation of the Bundesbank's success in meet-ing these challenges.

Barely had Herr Pohl taken office when the West German currency was plunged in April 1980 into a crisis as U.S. interest rates surged to unprecedented levels and the Federal Republic's current account began to slide into what was

What in April 1989 looked like a painful but temporary currency upheaval developed ultimately into a protracted reessessment of the strength of



record interest rates which re-sulted from this shift of policy were pushing the economy even deeper into recession even deeper into recession— which they were—and thus throwing tens of thousands of workers out of jobs.

Only in the second balf of 1982, as inductionary presseros asset and the current account returned to surplus, was the hundesbank able to put measures to accumulate an easing of monetary policy back on the top of its list of priorities. The stability-orientated policy would win it independence from the wild fluctuations on the foreign exchange markets and the unpredictable swings in U.S. interest rates, have not how-ever been realised, partly because of the attractions of deliar investments to managers of international funds, but partly, too, because of con-tinued doubts about the long-

assessment of the strength of the German economy. By the German economy. By February 1981, with the content of the Central Bank has had to the Central Bank has found itself bruing to the West German the community in the property of the Central Bank has had to the Central Bank has had to the Central Bank has found in the central Bank has had to the Central Bank has found in the Central Bank has found in the central Bank has had to the Central Bank has found in the Central Bank has found in the central Bank has had to the Central Bank has had to the Central Bank has found in the central Bank has had to the Central Bank has found in the central Bank has making industry into keeping of an economic receivery which ingulation and the restoration of in the Political Industry into keeping industry into keeping industry into keeping of an economic receivery which ingulation and the restoration of in the months leading industry into keeping of an economic receivery which in the protection in the content of the central Bank has had to put pressure on the German interest rates up a full percentage of the content of an economic successity in the bulldle of an economic successity in the protection of an economic priorities, and put the content of an economic successity in the protection of an economic successity in the content of an economic successity in the protection of an economic priorities.

With the content to put pressure on the Central Ban Economic challenges

term strengths of the German

Democratic Parly. Had Horr Publ. a former protegé of Chancellor Schmidt's, not been at pains when he took office, to distance himself from his former poli-tical friends, this period could

the Central Bank. In any case busted at taxoning one side or decisions which conjug ps patal-maying monerark begins if priq to monerark begins if prig to subsert set to pe the other—a delicate task since it was clear that the economic policies being proposed by Dr Kohl were much more in sympathy with what the Central Bank was advocating in terms of control of government spending and a re-distribution of national income in favour

have been a traumatic one for

of the corporate sector.

In retrospect it can be argued that the expansive monetary policy and sharp reductions in interest rates which

Growth of the Central Benk Money Stock refresed to a ecop

degree of independence not easy from the Government in Bonn, but also from the banking industry which it is partly responsible for amperising. In the Bandesbank's view pressing banks to make loans would have been tankmount to sharing the banks responsibility for their banding—something which it has carefully sveided doing, not only in this case, but also through the style of its supervisory settleties. case, but also through the sivile of its supervisory activities. It would be misleading to conclude that the Central Bank's judgement has always been right however. Like many economists it appeared to react toe late to the signs that the economy was alleping deeper into recession in the second half of 1863.

Then in March of this year.

half of 1982.

Then, he March of this year, the final easing of monetary policy which cut the Lombard and discount rates to 4 and 5 per cent respectively (the Lombard rate had been 12 per cent at its 1981 peak) took all the wind out of the financial markets and instead of leading credit markets interest rates down precipitated a sharp resection which helped to drive long-term interest rates up a

A year for sweeteners

Banking STEWART PLEIGHG

commercial banks perform an elaborate strip tease before their sharebolders. Beginning in early December with 10 months' figures for their West German parent companies, they gradually shed the veils to reveal their performance over the previous 12 months. It is a process which never

sinks below the highest stan-dards of good taste—no hank inchiges in anything which could be construed as being reserves remain tantalisms out of sight, so do untoward items like the full extent of loan loss

contrast to recent years, is one which the shareholders of all which the shareholders of an the major banks are likely to enjoy. Already with their interim reports for the first six months of the year issued in the summer, banks such as Dresdner Bank and Commerce. bank, who had had to cut and eliminate respectively their dividends to shareholders, have announced that they will be increasing or restoring their

dividend payments.
Other banks may take the opportunity to raise their dividends, perhaps to sweeten a new equity issue in the face of stiffening capital ratios.
The haunier tone which will The happier tone which will be struck at forthcoming annual meetings will reflect the

be rewarded for their patience, The Bundesbank, the West

German Central Bank, in the annual analysis of the per-

SUTZĖ. Operating earnings for the industry as a whole including savings banks and co-operatives for example, rose from DM 18.5bn to DM 25.1bn, an increase which brought the

some banks ran into between 1979 and 1981 and the realisation in bank boardrooms that much work had to be done reinforcing the banks' internal finances, beefing up hidden reserves and loan loss provisions, before shareholders could

parent banks (an analysis which does not include the foreign was, judged by operating profits, a record year for the banking industry in general. The commercial banks, co-operative banks, savings banks and sectors, all shared in the profits

that, in what is a testing period for the international banking industry, the West German banks now have two highly profitable years behind them.

That shareholders are only this year beginning to reap the benefits of those years reflects the severity of the problems

The severity of the problems

cheap retail deposits than most covery in profits. In addition, particularly for reported lower rates of increase the Landesbanks, the banks than the commercial and were able to increase sharply this year beginning to reap the benefits of those years reflects the severity of the problems.

were struggling to cope with securities and funding losses. In contrast, 1982 saw a surge in the operating profits of the commercial banks and the Landesbanks while the savings and co-operative banks enjoyed more modest gains.

Behind the profits turn-around lay the banks' deter-mination, born of necessity after the mauling they had suffered in the previous two years, to exploit the favourable falling interest rate saviron-

ment to the full. subsidiaries of the banks in A profit-orientated manage-places like Luxembourg) has ment of their lending portfolios already made it clear that 1982 ensured that the banks reduced the rates of interest they charged their customers as slowly as possible and was accompanied by a more sophisticated management of their liabilities. The latter was not difficult to achieve because management previously exer-cised only crude control over liabilities.

Sharp rise

18.5bn to DM 25.1bn, an increase which brought the average return on business volume to a record peak of 0.95 per cent.

The various banking groups showed sharply differing rates of increase, however. The savings banks and co-operative banks, both of which have access to a bigger volume of their leading about a dramatic re-

make clear, this happy coincidence of favourable factors contiqued well into 1983. In the first quarter of the year, until the mid-March cut in the Bundesbank's discount and Lombard rates, the happy coincidence of favourable interest

rate trends continued. Margins were maintained partly, for example, by cutting interest paid depositors and savers.

As money market and credit March and June, savers had another full percentage point cut off their deposits giving the banks another boost to their

margins.
Against the sharp increase in operating profits during 1982 and the first half of 1983, have to be seen no less striking increases in loan loss rovisions and write offs as a result of both the domestic bankruptcy wave and the international debt

For the West German parent banks alone, for example provisions and loan write offs rose from just over DM 5bn in 1980 to over DM 12bn in 1982. Although banks enjoyed record earnings at the operating profit level last year, at the pre-tax level after provisions and write offs, profitability was higher than the average of the past ten years as a percentage of assots.

PROFILE: HORST K. JANNOTT

Quiet boss of Munich Re

the self-effacing ruler of a little-known empire. Neither pany. Münchener Rückversicherung (Munich Re), are often in the headlines but despite that (or perhaps partly because of it) both have extraordinary influence. Munich Re is the world's

largest reinsurance enterprise, though it is not company style to boast about that fact, and Herr Januott has been head of the managing board since 1969. "Ruler" is not too strong a word to use. Virtually nothing seems to emerge at Munich Re without Herr Jannott's active involvement, even down to the choice of art works for display at the company's headquarters

Munich's English Garden. Herr Januott's insurance partners (and reinsurance rivals) speak of him with some awe. Born in Gotha in 1928, he graduated in law but made his name and career as a balance sheet wizard with an unusually retentive memory. When he joined Munich Re, in 1954, the company's gross annual premium

totalled

DM 300m. Now the total is more than DM 9bn—with a tripling of the volume in the last decade alone. Premium income figures

alone, however, do not reveal the underlying strength of Munich Re. The company has investments with a book value given as over DM 9bn, clearly a highly conservative figure the safety-first

Jameett. This is where the profits come from which more than make up for the losses on reinsurance hysiness as

Among Munich Re's many heldings is a 50.5 per cent stake in Hermes Kreditversicherung, which the Bonn Government uses as an agent for export credit insurance. It also has direct holdings in a cluster of insurance and industrial companies, as well as big indirect stakes in Degussa, the precious metals caucern, and Gutchoffaung-shitte, Europe's biggest mechanical engineering group.

Little wender that Herr Januart is constantly underway, as chairman of four different supervisory beards,



Herr Jannott: at a planacle

or so others—and as adviser to, among other bodies, the Federal Insurance supervisory office in West Berlin. There are few botter pignacles than the top job at Munich Re which to survey the from which to survey the

Jonathan Carr

Missile issue dominates debate

Defence

JAMES BUCHAN

"I would crowl on my knees from my constituencu to Bonn if it would help us abolish medium-range missiles from this world." TT IS 300 kilometres from the South German town of Goeppingen to the capital but the journey could scarcely be more painful to the local parliamentry deputy. Herr Manfred Wosmer, the Defence Minister, than the debate over medium-

range missiles so far. Herr Woerner, 49, took over the elephantine ministry just time of looming problems of money and men for the 490,000 strong armed forces, Nato's largest force on the European continent. However, he has the political

missiles over catcalls from the Greens and some Social Demo-crats in parliament, and the anxious murmurs of a majority of the norulation outside it. Four years ago, when Nato offered negotiations to the Soviet Union on medium-range missiles, there was widespread relief in Germany and a fond hope that a result might be reached before Nato fulfilled its threat to deploy up to 572 missiles in western Europe from

Strategic arguments for de-

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Rate of decline in consumption starts to slow

ENERGY CONSUMPTIO

9.6

-3.8

-1.3

-0.4 -0.2

-0.8

+0.5

Jan to June 1982 1983

(million to

Coal

Natural gas

defence of new U.S. nuclear

Nerve-racking

As the deadline nears, however, and the U.S. and Soviet Union are as far as ever from agreement, while Moscow has continued to deploy its SS-20 missiles, the prospect of 108 Pershing-2s in Germany (and later, 96 cruise missiles) has unleashed one of the most nervenalized or the most n racking public debates in the Federal Republic's history.

ployment lose conviction before the popular belief-not unsup-

ported by Nato thinking—that the political threat. In a West Germany would be the first speech prepared for a Bundebattlefield of a nuclear war. Bellicose statements in the the 351-odd SS-20s marked early days of the Reagan Administration tended to confirm these fears.

The Bundeswehr, which has never been sure of its role in society, has been dragged into the debate. Gen Wolfgang Aktenburg, 55, the new and well-regarded General Inspector, was recently asked by a pastor on television how he could reconcile his job as Commander-inchief in a world of nuclear deterrence with his professed Christianity.

Further, since 1980, Bundes-rehr installations have been almost as much a target of militant protest from the fringes of the "peace move-ment" as U.S. bases and missile

view, General Ferdinand von Senger und Etterlin, who has,

usaw Pact's co-ordination of I constraints on the perform-ce of the Luftwaffe's Tornado aft and an ageing missile defence system, General Senger thought the East ted superiority for a con-tional attack. "The balance only three-to-one which is the rd military fact that has cisively contributed to the ace of Europe," he said. At the nuclear level, Soviet

tions are now equipped modern short-range expect cruise missiles in the eeable future. Most serious for General von Senger is the fear that the Soviet Union might be able to cripple Western Europe with accurate continental missiles that do not devastate entire regions and, above all, might not provoke massive retaliation from U.S.

The Soviet SS-20 might be just such a weapon (which its vulnerable and maccurate predecessors, the SS4 and SS-5,

Herr Woemer, a politician if detensive strategy which takes

a regional nuclear superiority which will allow Moscow to

At the same time, he and other government ministers have done their utmost to have portray the U.S. as flexible and serious in negotiating with the Soviet Union so that it is not the West's fault if deployment has to so sheet

Organised Social Democrats reverting to the anti-armament stance of the 1950s, many churchmen and trades unionists and a very high

central Europe, gave a military _____the Berlin crisis of 1961 lies justification for deployment. _____the Berlin crisis of 1961 lies Despite improvement. oreside their political memory — than by their own fears of a war cynically limited by the powers to Europe. In the course of the debate a number of anti-American and neutralist notions have been aired.

As for the views of the popu lation as a whole, there has been a tawdry hattle with opinion polls (in which the Defence Ministry foolishly involved itself). Not surprisingly questions phrased as "fry with Pershings" receive different answers to those phrased "Gulas a majority is desperately con-fused by the issue, that a majority would like to avoid de-ployment if possible and that a majority would like to remain good members of Nato.

There is no doubt that the first batch of Pershings will be a shade more doubt that the opposition to deployment will lose its mass character after this date. However, the danger remains that the missiles issue will have so poisoned the debate on defence in Germany as to make three of the Defen istra's aims extremely hard.

The first is to devise a Nato

In a fears that Germany will be a Bunde nuclear battlefield.
he said The second is to find broad weapens, above all an aircraft to replace the Phantom F-4 in to replace the Phantom F-4 in the 1990s. At present, a borrowing-conscious Finance Ministry is proposing nominal increases o

is proposing nominal increases o under 4 per cent a year for the Bundeswehr up to 1987.

The third is the hardest: to maintain and armed strength of at least \$50,000 when the sharp fall in the birth rate means that 100,000 conscripts a year will be lacking by the mid-1990s. To meet this, General Altenburg will not only need extra money for long-term volunteers but also political understanding for such tricky measures as length-



Some of the 5,000 students who laid down and formed a human carpet in the main shopping street of Freiburg last week in protest against the siting of medium-range U.S. missiles in West Germany. They also face being carpeted by school authorities who banned such demonstrations

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Energy

JOHN DAYIES

WEST GERMANY bas siasm about the Russians' claim to be ready, ahead of time, to deliver natural gas through the controversial new Siberian controversial new Siberian pipeline system. Ruhrgas, the gas distributing company, has simply pointed to the contract which envisages first deliveries

For the Russians, there may be some advantage in demonstrating their success in pushing the project ahead despite strong U.S. opposition. At a time of frosty East-West relations, Moscow is also keen to emphasise to Europeans the practical advantages of co-

For the West Germans, how seemed hardly ripe for dwelling on a project that has caused much friction between Euro peans and Americans. More over, the gas deal is part of a strategy of ensuring long-term energy supplies into the next century, rather than meeting

Germany's most serious energy problems are those of surplus problems are those or surprus and structural adjustment. Mountains of coal have been building up as the crisis-ridden steel industry has cut its demand, while oil refineries have been operating at little more than half their capacity.

Peak year

The country's energy consumption—including natural gas—has been falling steedily from the peak year of 1979 and projections for the next few years are modest.

In these circumstances, Ruhrtime to deny that it may have been contracting to buy too much natural gas. Dr Klaus Liesen, the chief executive, said recently that Rubrgss had enough room for manoeuvre to enable it to start deliveries from new long-term projects. He pointed out that deliveries under the controversial Soviet

contract would not reach full strength until the end of this decade, continuing until the year 2008. He has expressed confidence that the contract will enable Ruhrges to offer the Soviet gas to consumers at com-petitive prices, even if crude

breas is already taking gas from the Soviet Union under senser contracts. Last year about 20 per cent of West Germany's natural gas supplies cause from the Russians, 34 per cent from the Netherlands, 15 from Norwegian sources and \$1 per cent from domestic fields, mostly in a

The latest Soviet contract is share of supplies to about 35 per cent by the end of the

its eyes firmly on horizons, Ruhrgas recently signed a along with Dutch, Belgian and French interests—to take sup-plies from the Valhall field in the Norwegian sector of the North Sea. These deliveries, beginning this year, are to run until 1999. It has also signed a deal with the Russians to supply natural gas to West Berlin from 1985 to the year

Natural gas has been struggling lately to retain markets. While total primary energy consumption fell in West Germany by 3 per cent last year, natural gas showed a heavier fall of 8 per cent to 54m tonnes of coal equivalent. Its share of primary energy consumption slipped from a peak of 16 per cent in the past few years to 15 per cent.

Priority

Competitive pressures have continued to reduce imports of grade oil and to boost imports of oil products refined shroad. In the first eight months of his year, West Germany's crude oil imports were 10 per cent down on a year ago, while oil products imports were up

With the eco only modest recovery from recession, politicisms have seized the opportunity to put off nuclear power projects—at Whyl and Biblis—which have aroused strong opposition. However, other nuclear

jects are going shout. The nuclear reprocessing company DWK has submitted proposals to state safety authorities for possible erection of nuclear fuel

Since the first oil price crisis of 1973, coal has received higher priority in West Ger-many, culminating in a long-term deal which envisages increased sales to power stations. But the coal industry's fortunes have turned bleak as recession and energy saving have restrained electricity genera-tion and as steel companies have slashed their coal pur-

The oil industry, meanwhile, has been pushing shead with measures to reduce losses in refining and distribution. The losses were put at more than DM 5bm in each of the past two-years, but are expected to be lower this year. Oil companies have been cutting refinery espacity and the number of ser-

After a steady fall in energy use in West Germany since 1979, the rate of declina is slow

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WEST GERMANY VI

John Davies on the tasks of the new union leader

Testing time for IG Metall

HERR HANS MAYR bas taken over as loader of IG Metall, West Germany's powerful metal workers' union, at a crecial time in its

history. The union, with its 2.5m members, is rushing headlong into conflict with employers and the Bonn Government over its demand for a 35-hour working week. It is also becoming increasingly stri-dent in its call for action to save jobs in the troubled shipbuilding and steel industries.

Herr Mayr will need to muster all his technical skills, sharpened in 20 years en the unious' top council, to press forward these claims against strong odds to achieve some-thing approaching satisfying

A man who has preview shunned the limelight, he has been thrust into the forefront of the union's struggle with the refirement at 63 of Hear Engen Loderer. Only two years his junior, Herr Mayr worked for 11 years as Herr Loderer's deputy, concentrating in recent years on internal management of the vast union apparatus and acting to keep the various strands of opinion in reason-

Like Herr Lederer, he is above all a pragmatist—a man who can appeal to the radical tradition of IG Metall with formidable rhetoric, but who knows the limits of the attainable in disputes. Reflecting the growing toughness of union activists, Herr Mayr has warned that IG Metall is well equipped for battle over a shorter working week, even if it leads to strikes or lock outs. With IG Metall consciously assuming the role of pacemaker on the issue, be has called on union members to brace themselves for pos-sibly their hardest post-war struggle.

IG Metall argues that a cut in the working week from present 40 hours is vital to reduce unemployment, which has risen rapidly to well over 2m. The employers, on the other hand, claim that a 35-hour week would raise industry's costs by about 13 per cent, hindering economic recovery and making German exports less competitive.

The struggle comes at a time when economic difficulties are stiffening the resist ance of many employers and when the unious have fewer friends in high political places. Now that the Social Bemocratic Party has lest power in Boun, the unions are confronted with political figures who are somewha sere difficult to come to erms with. Chancellor terms with Chancellor Helmut Kahl and Herr Nothert Blüm, the Labour Minister (and an 1G Metall member) have demonstrated an ability to win votes from industrial workers.

Radical trade unionists have been hard at work to discredit both men, but more pragmatic union leaders caution that they must avoid digging too deep a gulf between them and the Government, particularly the Christian Democratic Party majority in the coalition.

For this reason, they prefer to direct their sharpest barbs at easier targets and more clear cut opponents, such as Count Otta Lambsderff, the Economics Minister, and a member of the Free Demoeratic Party, and Herr Franz Jesef Strauss, the Bayarian Premier and

of the Right-wing Christian Social Union.

In view of the strong oppo-sition to the 23-hour week claim, Herr Mayr is oppocerned to leave as much refor manneuvre as possible, but there is no talk of com-pression at this stage. With the union building up a rigerous campaign, he faces a Headini-like task in extri-cating both his own members and the employers from the altration with their respect intact and without too many

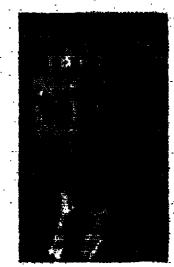
Watching every more will be Herr Franz Steinkühler, the ambitions 46-year-old Stuttgart unlesset who has been elected as president.

Power

Herr Steinkibler has long been at odds with the union londership, which resented his penchant to attract publicity and to back strong talk with strike action. But with a keen sense of power rela-tionships, Herr Mayr and the usion apparatus have come to terms with Herr Steinkühler and taken him abourd.

He is well placed now for the top job when Herr Mayr retires in three years and retires in three needs merely to consolidate his position quietly. Herr Steinkühler represents a more impatient younger, more impatient brand of trade uniquist auxious to grapple with the social and employment conse-quences of technological

Herr Mayr, like Herr Loderer before him, is one of the older generation of unionists whose outlook has



and of the war. His father suffered political persecution and was jailed by the Natia-Such memories have left him with an authority to political He size has a firm belief in the most for broadly-based trade union unity and for social consensus based on a healthy economy with full

Herr Mayr readily con-cedes that he himself works much more than a 35-hour week. What free time he week. Wast tree time no finds betrays a cultural bent. He reads modern German literature, including the works of Günter Grans and Heinrich Böll, as well as the classics of Goothe. Music and

He has been pertrayed as a transition leader between be tough-minded Nerr the tongh-minded Herr Loderer and the calculating, forceful Herr Steinkühler. But this underestimates the task ahead of him and the technical and rallying abilities he has acquired through long trade union experience.

He will largely determine Germany's biggest union comes through the difficult

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Moves towards joint ventures

Electricals

JOHN DAVIES

SIEMENS, West Germany's electrical and computer giant, is exploring a couple of new paths. In one recently announced project, it is planning to set up a research institute along with British and In another move, it is joining in a venture capital company to foster small innovative enter-

The decisions highlight some of the problems in the West German electronics and electri-cal engineering industries. This vast sector, employing more than 900,000 workers and producing a wide range of goods worth nearly DM 100bn a year, is one of the bulwarks of the German economy. Yet it is clear that in certain key segments of this productive area the West Germans have fallen behind developments in the U.S. and Japan.

There may be controversy about how serious the gap is and how feasible it is to catch up. However, as the Siemens moves illustrate, there is a growing feeling that companies may benefit from more co-opera-tion, at least in research, and assist small, new enterprises to develop and market innovatory

The co-operation agreement involving Siemens, Britain's ICL and France's Compagnie des Machines Bull has won the effusive approval of Dr Heinz Riesenhuber, the Research and Technology Minister in Bonn. He said that the challenge from the U.S. and Japan made it necessary for Europeans to de-velop forms of working together in order to remain competitive internationally.

Single entity

In his view, the European market for electronics, data processing and information tech-nology should be viewed as a

Scepticism abounds, however, about whether the U.S., with its military incentives for technological advance and Japan, with its purposefulness, can be matched by Europeans hamby a less than overwhelming sense of mission.

It is noteworthy, for instance, that the three co-operating comAs long as this is the case,
puter companies stressed that the problem of innovation in their new research institute—to employ 50 scientists within two largely the question of how to absorbed by Siemens.

sceptics-in West Germany. In cited as an example of a comthe new company, Techno Ven- pany that has remained flexible ture Management, Siemens will and abreast of developments in aide organisations. have a 25 per cent stake along its chosen field as it has grown.



ater-operated milling and drilling machine from West Germany is one of the world's sophisticated machine tools. During operation the computer (in the background) can:
24 different tools as often as required from the tool magazine (top left) into two
exchange spindles

ELECTRONICS AND ELECTRICAL ENGINEERING			
	1982	Change (%)	
Production (DM bn) Investment goods	59.5	+ 2.1	
Consumer goods Semi-finished and unclassified	18.5	+ 21 + 25	
goods	18.4	+ 3.4	
Total Including	96.4	+ 2,4	
TV sets	3.7	~ 3.1	
Video recorders	1.0	+130,8	
Semiconductors	0.3	+ 51.7	
Integrated circuits	0.5	+ 21.7	
Computers	3.6	- 0.6	
Exports (DMbn)	48.8	+ 11.1	
Imports (DMbn)	31.5	+ 5.9	
Workforce	941,800	- 3.8	

with investors from the U.S., Britain and Switzerland. initial capital is to DM 130m.

Other venture capital operations believe that budding entre-preneurs in the electronics field will fight shy of the possibility of falling into Slemens Siemens has technical and mar-keting know-how which might help get small outfits on their feet.

While capital aid may help establish some innovatory enterprises, the problem in West Germany seems to be more deeply-rooted. German scientists, for instance, demonstrate less inclination than U.S. counterparts pered by national rivalries and to leave their companies or research bodies to risk money and careers in entrepreneurial

electronics, as in other fields, is -would be set up at a motivate research and encour-"neutral" site in southern age fast and flexible decision—
Bavaria. In other words, there is a certain wariness, to ensure that the institute is not panies as AEG. Triumph Adler, and marketing are more closely bsorbed by Siemens.

Olympia and Kienzle point to the difficulties involved. On the idea has its champions—and its other hand, Nixdorf is often

The need to foster co-operastressed recently by Dr Rainald von Girycki of the Battelle scientific institute in a study of the semiconductor industry. Semiconductors are one of the key areas in which West Germany — as Europe as a whole—is heavily dependent on imports. Even Germany's local production is to some extent an

ment in Europe involves cooperation at the so-called pre-competitive stage—that is, basically, in research and ideas, as well as standardis. 5.7 per cent down. In the tion. "Semiconductor pro-investment goods sector—which ducers and users must learn to co-operate more effectively with each other and with customers,

an operation in Brunswick.

suppliers, consultants, software houses, banks, universities and governments," he says.

Within the electrical produg-

tion sector, much of the onslaught of foreign competition has been directed at the consumer electronics segment. As a result, the EEC early this year negotiated a pact under which Japan is limiting video-recorder

Benefits of deal

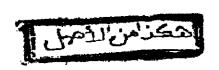
This agreement has benefited Grundig and Philips by helping to maintain prices. Companies involved in joint venture local assembly—such as Telefunken/ Thorn-EMI/JVC in West Berlin and Matsushita / Bosche in Osterode have been mounting, however, a vigorous campaign to prevent the Japan-EEC pact from hampering their growth potential.

Apart from foreign competition, the electronics and elec-trical engineering sector has effects of recession for more than two years. The outlook, however, has shown modest improvement this year.

offshoot of Japan's, with per cent to DM 96bn, but taking semiconductors at Landshut in Bayaria and Tophiba Market 1 amounted to a real dealer. The value of the industry's Bavaria and Toshiba planning output, in the first half of this year, overall production showed Dr von Gizycki takes the a one per cent real decline view that electronics develop- the same period last year.

Exports have continued to be weak. Domestic orders were up 6.4 per cent in the first half of this year, but export orders were investment goods sector—which makes up more than 60 per cent of the industry — domestic orders were 7.2 per cent shead while export orders were 6.4 per cent lower.

Nevertheless, capacity utilisaabout 78 per cent in the first half of this rear. Order books in the investment goods sector had work for 4.8 months, combound together." he adds. He sees innovative ideas growing out of the interaction of various departments within companies and interaction with other outside organizations. then in recent years about the



WEST GERMANY VII

Boost for prestige car makers

Motor industry

IOHN DAVIES

THE ELITE of West Germany's motor vehicle industry radiated confidence amid the shining new models at the recent International Motor Show in Frank-furt. After all, sales of cars and trucks on the home market and trucks on the nome market are rising, the U.S. is showing signs of vigorous recovery and all the projections are for increased sales in the next

Dr Gerhard Prinz, chief executive of Daimler-Benz, remarked that the car was enjoying a renaissance, defying gloomy prophecies at the time of the oil crisis, Herr Eberhard von Kuenheim, head of BMW, who addressed the world's press at a nearby museum, exulted that the car had not yet gone

the way of the dinosaur. Dr Carl Hahn, endeavouring to stem heavy losses at Volkswagen, took a somewhat more restrained view, noting that higher sales in West Germany amounted to a return to the long-term trend rather than a boom. But he expressed conboom. But he expressed conwagons were produced. 3.4 per some European markets.

Daimler-Benz claims to have the intensified com-

The motor vehicle industry

distribution of petrol and work-shop repairs. Last year vehicle manufacturing displaced heavy engineering as the country's falling 7.5 per cent to 2.1 main exporter, with total sales abroad reaching DM 72bn. But with export markets now weaker, it is doubtful if this performance can be repeated this year.

For the prestige car makers in particular this year has proin particular this year has pro-vided a further strong boost.

Both BMW and Daimler-Benz are pressing ahead with plans to set up new car assembly plants to enable them to expand production. BMW, which expects to turn out a record total of over 400,000 cars this year, plans to begin additional pro-duction from a new plant at Regensburg from 1986.

Daimler-Benz-whose domestic car sales were up 6 per cent and exports up 3 per cent in the first eight months of this year—is to begin car assembly in Bremen next year, in addition to its Stuttgart works.

In the industry as a whole, however, production has been running below last year's level, although the trend has been im-proving—more rapidly on the home market than abroad. In industry was up-to-date and cent fewer than in the same technologically efficient. period last year. By summer, production had picked up to provides jobs for one in seven such an extent that it was run-or West German workers, in-ning 2 per cent ahead of last cluding all indirectly related year and about level with the

West Germans cut back on car sales last year for the fourth car sales last year for the rotation year in a row, new registrations falling 7.5 per cent to 2.15m. In one of the most visible signs of economic upturn, spending on cars has revived, inspired by pent-up demand and introduc-tion of new models. New car registrations were up 12.6 per cent in the first eight months of this year at 1.7m.

Cut back

The Japanese were among those who benefited, increasing their market share to 10.3 per cent, compared with 9.8 per cent for the whole of last year.

After the sharp decline in exports in the second half of last year, car sales abroad have begun to pick up, but by the end of August they were still running 4 per cent below 1982. The truck market presents a

more sombre picture than cars, with production to the end of July down 4 per cent at 145,580 and with larger falls of up to 25 per cent for vehicles in the heavier classes. Domestic sales of trucks have risen—up 15.4 per cent in the first eight per cent in the first eight months—but exports are suffer-

withstood the intensified com-petition in truck markets relatively well. But Volks-wagen, whose truck output is in the lighter classes, has borne

MOTOR VEHICLE INDUSTRY (millions) 1978 1979 1980 1981 1982

Production within West Germany	4.18	4.25	3.88	3.89	4.06
Production of West German vehicles abroad	1.10	1.28	1.28	1.06	1.07
Exports from West Germany	2.07	2,17	2.08	2.15	2-34
New registrations within West Germany	2.82	2.79	2.68	2.47	2.28
Total number on West German roads	23.10	24.16	24.85	25.32	25.68
§ Figures include all types of vehicles, in	actuding of	rs, truc	cs and b	uses	(1/2)

did it make a DM 300M loss, but in 1980. The company is lookit was displaced by DaimlerBenz as the largest motor
vehicle manufacturer in terms
of sales revenue. Daimler-Benz,
with sales of DM 38.9bn, became
the third largest company in
Germany, outstripped only by
Which is expecting to boost the third largest company in Germany, outstripped only by Veba, the energy concern, and Siemens, the electrical group.

Siemens, the electrical group.

In the first half of this year,
VW made some progress towards recovery by achieving a
furnaround to a slight profit in
the U.S. Its strategy has
enneared open to question, howanneared op

VW has been benefiting from a rigid insistence on the use of catalytic converters in cars. Government and industry representatives, however, face lengthy discussions on details and repercussions of the car industry has strong plant.

the brunt of Japanese com- to the factory at Genk in petition and production at its Belgium and DM 500m to the Hannover plant is well down on Saarloius plant.

a year ago.

VW suffered a double blow to its prestige last year. Not only did it make a DM 300m loss, but in 1980. The company is look-

vehicle output to over 1m this

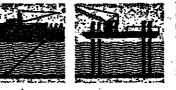
the U.S. Its strategy has appeared open to question, however, as its imported models have enjoyed relatively greater success than vehicles produced at its Westmoreland plant.

Whas been herefiting from

plant.

Ford has also embarked on a major investment programme to cost DM 4.4bn over five years. The expenditure will be 80 per cent higher than in the previous five years. Most of the investment will go into the company's sprawling works at cologne, with DM 750m going date and a slump afterwards.

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PROFILE: HELMUT WERNER

Conti-Gummi chief stays flexible

AN UNENVIABLE task faces Herr Helmut Werner. He heads a company which has declared a dividend only once in the last 10 years and which competitors.

Against strong odds, how-ever, he has been steering the company—the tyre-maker Continental Gummi-Werke along a profitable road and is proving a match for his world

With its Continental and Uniroyal brands, the group has the second largest market share in Europe after Michelin, the French tyremaker, and is the biggest supplier of tyres to West German motor vehicle manu-

Herr Werner is under no illusions about the need for tight cost control and tech-nological improvements in order to secure the group's position. "We are Number Two in Europe, but we really have to run very fast to keep that position," he says.

Now that Japan's Sumitomo Rubber Industries is to take over Dunlop's interests in much of Europe, including Germany, competition is taking an even sharper edge. After studying business administration at Cologne University, Herr Werner has spent all his working life in tyre manufacturing. Initially, he envisaged only a short spell to get practical com-mercial experience before joining an auditing company, but decided to stay.

He rose at Uniroyal to become head of its European operations, for many years dividing his time between Belgium and the U.S. When Uniroyal's activities were taken over by Continental Gummi-Werke, Herr Werner He took charge of the entire group when Dr Carl Hahn vacated the chief executive's chair at the beginning of last vear to run Volkswagen.

Following on from Dr Hahn's recovery strategy for Conti-Gummi, Herr Werner has been wrestling with major problems of structural change and introduction of technological advances. The company has been endeavour-ing to streamline its tyremaking activities, with more centralised control.

On the other hand, it has been adopting a more flexible management policy towards its wide range of other rubber products to match the agility



Continental Gummi-Werke: proving a match for his

foothold in foreign markets.

Herr Werner puts strong emphasis on future technological developments in the tyre industry. The tyre scene has changed dramatically in the past 19 years, he says, but there is still a lot of scope for advance. He sees the need for progress towards making tyres safer, towards reducing rolling resistance and towards. rolling resistance and towards eliminating the need for a

Conti-Gummi is also pursu ing its strategy of co-operat ing with tyre companies abroad—in Japan, the U.S., India and South Africa. It is concerned to exchange technical know-how and to gain a foothold in foreign markets.

THE TOP 50

West Germany's biggest industrial enterprises

					rnover		
	ınk—	a	Ø	1982	% change		% chan
982	1981	Company	Sector	DMm	over 1981		over 198
1	1	Veba	Energy/Oil/Chemicals	49,2 81	2.1	80,474	- 3.0
2	4	Siemens_	Electricals	40,106	6.1	324,000	- 6.8
3 4	3	Daimler Benz	<u>V</u> ehicles	38,905	6.1	185,687	- 1.3
4	2	VW	Vehicles	37,434	- 1.2	239,116	- 3.2
5	5	Hoechst	Chemicals	34,986	1.6	182,154	- 1. <u>4</u>
6	7	Bayer	Chemicals	34,834	3.2	179,463	- 0.8
7	6	BASF	Chemicals	33,978	1.7	115,868	- 6.5
8	8	Thyssex	Steel, engineering	30,610	8.7	344,715	- 33
9	9	RWE	Energy	22,993	12.4	70,098	9.6
10	10	Deutsche BP	Mineral off	19,154	- 5.4	9,364	- 72
П	12	GHH	Engineering	18,693	11.8	87,370	- 0.3
12	11	Ruhrkohle	Mining	17,595	- 3.3	134,479	— <u>1.5</u>
13	13	Deutsche Shell	Mineral oil	17,590	0.5	8,167	– 5.6
14	17	Krupp	Steel/Engineering	16,720	<u> 12.7</u>	78,201	- 4.9
15	15	Mannesmann	Engineering	16,469	6.7	112,594	5.6
16	14	Esso	Mineral oil Electricals	15,323	- 6.9	4,508	- 1.8
17	18	Bosch	Energy	13,812	6.7	110,775	- 1.9
18	19	Ruhrgas	Electricals	13,643 13,267	7.0	2,951 92,730	1.4 25.0
19	16	AEG	Vehicles	12,735	13.8 26.0	59,688	1.6
20	23	Opel				•	
21	20	Ferd_	Vehicles	11,724	11.2	49,100	- 0.6
zz	25	BMW	Vehicles	11,620	21.7	47,466	6.3
23	21	Preussag	Energy/Oil	11,234	6.7	20,754	- 3.4
24	26	Mobil Oil	Mineral oil	16, 40 0	9.5	2,491	6.5
25	22	Metaligesellschaft	Metals/Process plant	9,7 <u>41</u>	~ 7.0	23,757	- 8.5
26	27	Salzgitter	Steel/Shipbuilding Electricals	9,391	2.5	55,673	- 2.3
27	33	IBM Flick	Holding ·	9,135	15.7	27,621	1.3 5.0
28 29	29 24	Pick Degussa	Precious mtls./Chemicals	9,028 8.887	4.6 -11.2	43,509 21,362	- 3.0
30	30	Deutsche Unilever	Food/Chemicals	8,603	0.5	32,327	- 6.8
	32		-	-		-	
31		Henkel	Chemicals	8,158	2.6	33,583	- 1.4
32		Deutsche Texaco Philip Holzmann	Mineral oil Construction	8,146	-10.6	4,641	- 8.3 - 2.2
33	31	Hoesch	Steel	7,501 7,437	9.0 6.6	37,600 38,200	- 8.4
34		Klöckner Werke	Steel	6,676	16.0	36,232	1.9
35 36		Deutsche Babeoek	Engineering	6, 314	13.9	32,337	4.6
37		Deutsche Philips	Electricals	6.065	7.0	33,000	- 5.0
38		Bertelsmann	Publishing	6.036	8.0	29,527	- 1.4
39 39		VIAG	Holding	5.877	7.4	24.869	– 5.4
10	42	VEW	Energy	5,699	10.1	7,252	- ïš
41	44	MBB	Aerospace	5,678	17.1	38,494	– 2.6
12	25	Saarbergwerke	Coal/Energy	5.648	- 1.9	32,599	- 2.3
18	41	Enka	Chemicals	5,10 0	~ 5.6	37,200	- 8.2
14		KHD	Engineering	4,957	1.7	28,428	- L6
15		BBC	Electricals	4,757	0.9	38,922	0.3
16		Hochtief	Construction	4,648	-16.1	31,525	- 6.1
17		Bilfinger + Berger	Construction	4,399	18.0	83,328	6.5
18		Bayernwerk	Energy	4,164	44.6	7,958	13.3
19		SEL _	Electrical	4,158	8.7	31,650	- 4.1
50	49	Neue Heimat	Construction	3,750	0 .0	5,348	- 3.5
						Source:	Die Zeit.

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Sales and profits start to rise

Chemicals

JOHN DAVIES

ALTHOUGH ITS problems abound, West Germany's chemical industry has been staging a recovery this year from the depths of recession. Sales and especially profits have been reviving for the "big three" chemical group, Hoechst, BASF and Bayer, as well as at smaller

improve, as a result of cell recovery in the first man increased demand and cutbacks of this year, in comparison with in production capacity. But in the same period a year ago, this sector—as in others—producers have still been struggling to restrain costs and to achieve satisfactory price.

Challenge

has presided over the sprawling Hoechst chemical complex with dour caution for 14 years, remarked recently that the group's profits this year would certainly be more than last year and a higher dividend was

Results in the second half of the year, he said, would depend on whether the company succeeded in getting better prices in the wake of rising raw

material costs.
Similar views have come from other chemical companies. After a survey of its members during summer, the Chemical Industry Employers' Association in the state of Hessen reported that two-thirds expected to boost production this year and 84 per cent to increase sales revenue. Profits were up at 44 per cent of the companies and were about the same at a third.

about the same at a third.

The West German chemical industry as a whole expects the volume of output this year to rise about 3 per cent, making up some of the ground lost in last year's 5.4 per cent decline. The industry's production index, which rose to a peak of 111.9 in 1979, sagged last year to 102.5, only just above the base level of 100 in 1976. While capacity utilisation has imcapacity utilisation has im-proved this year, the recovery is from a low level. Utilisation averaged 75 per cent in 1981 and only 73 per cent last year.

Much of the impetus for recovery this year has come from n West Germany, while t markets overall have showing less promise. g the product divisions

which have picked up are the long-standing desolate areas of synthetic fibres and plastics. Synthetic fibre production has begun to benefit from an evident revival in the remnants of the West European textile industry. Plastic materials have been in demand from the motor vehicle industry and the building industry, although the packaging market has been less forthcoming. In both man-made fibres and plastics, prices have generally been below those of a year ago, with the result that revenue has increased less than

volume sales. In particular, the troubled fell 5 per cent last year to plastics sector has begun to 6.27m tonnes, showed a 5 per improve, as a result of cent recovery in the first half

Challenge

The situation has worsened, however, in the fertiliser market, where imports, notably from the Netherlands, bave won about 60 per cent of the Westh German market. The Germans allege that some of

a constant challenge to prevent critics giving it a brontosaurus image. The big companies dis-miss the charge of slowness to change by pointing to their rationalisation measures and the flow of new products, including pharmaceuticals, brought to the

Another positive sign is the industry's export strength. Exports accounted for 47.2 per cent of the industry's sales revenue of DM 117.9hn last year.

In addition, the chemical industry has been in the forefront with a period last year.

With an export

of West German investment abroad. It invested a further DM 755m in foreign operations last year, making a total of more than DM 15bn in the past

Bayer's petrochemical plant at Ludwigshafen: the chemical industry generally faces a constant challenge to prevent critics giving it a brontosaurus image

years still fresh, the major West German companies are pressing shead with efforts to rationalise and diversify their activities. BASF, for instance, is struggiing to reduce losses at its oil refining operations.

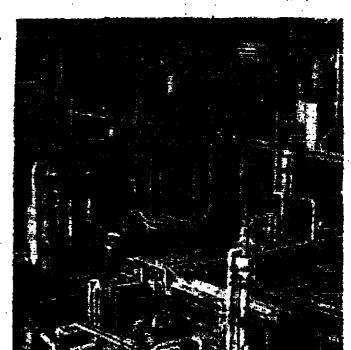
Bayer, meanwhile, has pointed its Agfa-Gevaert sub-sidiary firmly in the direction of information technology, after incurring a major headache from its photographic business One of the strengths of the chemical industry has been its pharmaceutical interests, making up some 14 per cent of sales revenue—about the same percentage as plastics, but less than the 20 per cent contribute.

than the 20 per cent contribu-tion of organic chemicals.

In line with a growing emphasis on this activity, Hoechst is allotting a record 25 per cent share of its DM 1.8bn investment this year to its pharmaceutical operations world-

tical production for human use showed only a modest 3.2 per cent rise last year to DM 13.5bn but output has picked up this year, production was running 8 per cent ahead of the same

With an eye to future break-throughs, all three major chemical companies—as well as other smaller concer Shering in West Berlin-are fostering biotechnology re-



BASIC STATISTICS

	Passana Chambad Instructor	4
orkforce	548,000	2.0
mufacturers' prices (1990=100)	113.5	-0.7
ports	DH 14.9tm	+2.3
ports	DM 29.70m	+3.9
les revenue from domestic output		+2.7
٠.	JanJune 1983	% change on year earlier
	Inn-kme	

HOW THE B	G THINEE PE	PORMED	
land percentage c	handa on first	half of 1982)	

	compay pre-tite profit (DMm) 454 358 507	Group worldwide sales revenue (DMbn) % change % change % change Group worldwide pre-tax profit (DMm) % change Parent company pre-tax profit (DMm) % change				
--	--	--	--	--	--	--

PROFILE: DR HANS ALBERS

A hard act at BASF

many diligent Germans who rise early—and enjoy it. For of striding into his office at BASF in Ludwigshafen at about 7.28 in the morning. An enthusiastic worker, he has seldom been home again before 7 at night, making a 12-hour day at work and on the road.

The vigeur with which Dr him in good stead. Since July 1 he has taken over the chief executive's chair, at a time when sales and profits are recovering but when complex problems remain to be tackled. Dr Albers succeeded Pro-

who has moved on to the more elevated but remote position of head of the super-visory board. After domi-nating the affairs of BASF for nine years as chief executive, Professor Seefelder is a hard zet to follow.

An advantage of a sort,

Albers. His predecessor's last year in office saw the group's worldwide pro-tax profit slump to just over DM lbn, the lowest level since 1975, and the dividend was cut from DH 7 to DM 5 per DM 50 share. With BASF bouncing back, along with other chemical companies, Dr Albers is likely to have more comforting news for share-

of work at BASF, including seven years on the managing board, Dr Albers has close knowledge of the strengths and weaknesses of the group. He has already indicated that he is putting his own vigorous stamp on the company as he presses ahead with management policy.

Under his leadership, company strategy is to secure and broaden its supplies of raw materials, to give more emphasis to highly processed articles, and to widen international marketing activities,

Dr Albers, born in 1925 at

studied chemistry at Milust university. He joined BASF in 1953 when the country and the chemical industry were getting back on their feet after the bleak post-war years. Initially he worked in the main laboratory, but switched to production two years later and became head of a production department in 1962.

He became a deputy ember of the managem board in 1974 and a full member in 1976. His more recent tasks on the board



Dr Hans Albers: strategy for

to street with

centicals and natrition and to keep an ope on all North American operations.

A man who combines a ready humour with a drive for work, he has also found time to pursue an interest in opera and theaire. He does not live for work only, he remarked recently, but BASF had been fair to him and he intended to be fair to it.

Struggling to halt the slide

Mechanical engineering

JONATHAN CARR

THIS AUTUMN'S congress of the West German mechanical engineering industry might have had as much buoyancy as a funeral ceremony. The sector is often called "the power house of the German economy" and is industry's biggest employer. Yet the results for the first half year are dismal and the immediate future looks little better. Engineering turnover from

January to end-June fell by nearly 2 per cent in real terms (after allowing for price in-creases) against the same period of last year to DM 62.9 bn. The number of engineering employees dropped by more than 4 per cent to just over 1m. That means that since the start of the recession in 1980 the sector has shed about 90,000 workers (a figure worth ing industry). First half exports were down by 5 per cent in real terms to DM 35.8bn, with markets week almost everywhere and virtually collapsing in Latin America (admittedly only a relatively small customer for

the Germans). The order figures indicate Japanese. Even in the recession, only the merest shimmer of German companies have been light at the end of the tunnel. Incoming orders in the first half fell by 6 per cent, rising by just 1 per cent at home where a very modest economic upswing is

underway, but plunging by 12 to a crucial field—the applica-per cent abroad.

Despite all that a mood of engineering products and pro-

As Herr Tyll Necker, outgoing president of the industry's association the VDMA, pointed out Germany's engineers have been doing relatively better than their foreign rivals during the clump. Engineering proing the slump. Engineering production in Germany this year, depressed though it has been in absolute terms, still held up better than in other major industrial countries. Last year Germany's exports of machinery rose slightly in real terms while those of major competitors fell-The Germans took one-fifth of

under 13 per cent. 90,000 workers (a figure worth comparing with the 50,000 employed in all in the shipbuild-the last decade while that of Japan, in particular, has sharply increased. Why do the German engineers feel they can halt the

the world market in engineer-ing products—well behind the U.S. leader with 26 per cent, but

For one thing they have recently done a lot to close the technological gap, spurred by the initial successes of the spending on average about 3 per cent of their annual turnover (about DM 4bn) on research

Much of that sum has some

confidence pervaded the con-duction methods. They are still gress, evidently based on the behind the Japanese in some belief that the industry is cap sectors (not least because the gress, evidently lasted on the bellief that the industry is capsectors (not least because the
able of new sales success even Japanese engineers have had
against the "Japanese challenge." The condition (a big electronics industry with which one) is that the upturn at home to co-operate) but they are does not peter out and that making up for this lost time.
world demand recovers, led in
the first place by the U.S.

As Herr Tyll Necker, out

Per cent of German engineering concerns made products with microelectronic components, about one half now do so and the share is growing.

This research spending has been a particular burden above all because the German engin-eering industry is made up very eering industry is made up largely of small and medium-sized companies. Around 90 per cent of the enterprises, account-ing for 40 per cent of sales, ing for 40 per cent of sales, have fewer than 50) workers each. That makes for great flexibility, but also means the companies lack financial muscle and suffer particularly during a long period of high interest clearly ahead of Japan with just rates.

Broad welcome

There has thus been a broad welcome among the engineering concerns for the new centreright government's move to-wards more indirect aid for research, and away from the direct help which often seemed to benefit the really big groups disproportionately.

Further, while the Japanese have made big inroads by concentrating on a few carefully chosen sectors, the Germans still have a much wider product palette. They have more than

•	TOP CO	MPAN 81-82)	IES
. –	Company	Turnover DM bo	Eroployee
'n	yssen Group	38.1*	145,00
GI	OK .	26.2	87,00
	IH (of which M.A.N.)	8.4	49,00
F	led. Krupp	16.7*	78,00
1	nuesmann.	15.5	113,00

market in reling mill equipment, as well as in plastics, printing and packaging machinery.

They have more than one-fifth of the market in products

ranging from machine tools and weighing machines to textile machinery and laundry equip-

Moreover nearly 70 per cent of Germany's engineering mar-kets are in industrialised coun-tries, less than one-quarter in the developing world (of which about 10 per cent are oil producing countries).

On the one hand that means On the one hand that means still greater efforts in future to find new customers in the Third World—above all in the Pacific basin where the Japaneso and American's have a clear lead. But it also implies that with its very broad product range, the German engineering industry is unusually well placed to take advantage of a general economic pressuing in the West, startmic upswing in the West, starting in the U.S. and spreading to Europe.

Hence the mood of confidence, despite the recognition there are still difficult months



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WEST GERMANY IX

ROSAT, the orbiting observatory, is the flagship.

X-rays in the skies

Aerospace

DAVID FISHLOCK Science Editor

THE FLAGSHIP of German development is an orbiting observatory called ROSAT, scheduled to be launched on Space Shuttle flight No 60 in July 1987. ROSAT is an ambitious scheme for surveying the skies at X-ray and ultraviolet frequencies, using a pair of imaging low-frequency telescopes. It will be the first time such telescopes have taken a deep look at the whole sky at these highly whole sky at these highly revealing frequencies—"the hot and very hot universe," as one German scientist puts it.

director of Max-Planck Institute for Extra Terrestrial Physics at Garching, ROSAT will take six months to survey the whole sky. Then the scientists hope for a further 12-24 months of "pointed observations" of objects of three potential designs declared particular interest. Dr Trümper believes it will expand the horizons of the universe to perhaps twice their present distance and provide astronomers with a better picture of the

main aerospace company, about half the size of British Aerospace, with an income exceeding DM 5bn last year. It reckons that three-quarters of its work is for joint ventures such as the European Airbus, the Anglo-German-Italian Torand very hot universe," as one German scientist puts it.

"We are not sure what number of stars we shall see but we are quite sure that we shall see about 100,000 extra galactic objects," says Dr Joachim Trümper, managing director of Max-Planck Institutes

A key project at Ottobrun is the Tactical Combat Aircraft, seen as the next major Euro-pean military aircraft require-ment for the 1990s. MBB and British Aerospace are col-

unstance and provide astronomers with a better picture of the curvature of space.

The spacecraft itself is a joint venture for the two main one-third built of carbon of floats, giving stability in shatter kidney stones in a patient without the need to operate or even to give more than a tonne in weight penalty in stress. Now its enoperate or even to give more than local snaesthesia.

German aerospace companies on the airframe side, Messer-schmidt-Bölkow-Blohm (MBB) and Dornier. German industry will also provide the main instrument but Britain is contributing an ultraviolet telescope as part of its recently agreed participation in ROSAT, signed last week. Britain is to provide a wide field camera, a new design of telescope optimised for the region lying between the extreme ultraviolet and soft X-rays.

MBB remains Germany's main aerospace company, about the side of the companies which is controlled configuration to former German integrity of its fly-by-wire avionics. The team is planning to fix the integrity of its fly-by-wire avionics. The team is planning to fix a demonstrator incorporation to fly a demonstrator incorporation to fly a demonstrator incorporation of former German aircraft companies which the search and Technology in Bom, which has contributed to we third so the cost. Dornier claims the new wing offers 30 per cent better economy.

Dornier remains outside the consortium of former German aircraft companies which the delta-wing design will be signed under a research contract from the Ministry of Research and Technology in Bom, which has contributed to we third so the cost. Dornier claims the new wing offers 30 per cent better economy.

Dornier remains outside the companies which the delta-wing design will be signed under a research contract from the Ministry of Research and Technology in Bom, which has contributed to we third so the cost. Dornier claims the new wing offers 30 per cent, be supplied under a research contract from the Ministry of Research and Technology in Bom, which has contributed to we third so the cost. Dornier claims the new wing offers 30 per cent, be supplied under a research configuration in RoSaT.

Bornier remains outside the common tract from the Ministry of Research and Technology in Bom, with the cost. Dornier claims the new wing of the own, which has contributed to stance from the delta-wing the signed under a research configuration in RoSaT.

Bornier

aircraft companies which now forms the MBB group. Its payroll is no greater than that of the Ottobrun Development Centre yet it remains an innovative competitor of its bigrival and not only in having an alternative design for the Tactical Combat Aircraft.

which it believes could compete with the helicopter for a burgeoning world market for coastal aviation services. In fact its demonstration at Kiel involved a major refurbishing of an old and well-proven Dornier three-engine flying-boat design from World War II, claimed by the company to be the only seaplane which could land and take off in a sea state five. The ingenious feature was five. The ingenious feature was novel piece of medical techno-the use of "winglets" instead logy which uses shockwaves to

sary to keep the project ahead of the competition. In 1962 it created Dornier System, a divi-sion of the company which was to serve both as its corporate research centre and as a high-power contract R and D activity seeking contracts in systems en gineering.

The founder of Dornier Sys-tem, Dr Bernhardt Schmidt, Earlier this year Dornier marketplace between governdemonstrated a new flying boat
which it believes could compete
with the helicopter for a burgeoning world market for



Scientist moves into a jungle

THE YOUNGEST member of Chancellor Helmut Rohl's Cabinet is Dr Heinz Riesenhuber who, at the age of 47, has spent the past year back-

has spent the past year hacking his way through a Jungle. That may seem an old activity for a bespectarled scientist who likes wearing neat bow ties. But when be took over as Minister for Research and Technology last October, Dr Riesenhuber not only faced a lot of red tape and bureaucracy. He also found an almost impenetrable tangle of nearly 6.000 projects tangle of nearly 6,000 projects in the scientific and industrial

field to which his ministry was giving support.

Since then the new minister has been chopping back, setting new principles. setting new priorities, switching the emphasis from under do husinesses research. through

My job is to free initiative and encourage ideas," he says. "The research policy of the previous (centre-left) govern-ment relied on the creativity of the state. That was a basic error. The state is not creative, and cannot be so." Riesenhuber speaks with all the feeling of a trained scientist who came into national politics via pri-

industry—and knows

Born in Frankfurt in December, 1935, he majored in chemistry, did post-graduate studies in the inorganic chemical field, then went into business finally Synthomer of

diversified metals concern Metalgesellschaft) in 1971. On the way he picked up several patents for discoveries

in the chemicals field.

He was not only inventive.

He also had a talent for public speaking (his critics say "an excessive delight in the an excessive dengit in the sound of his own voice") which helped him to the top of his local Christian Democrat (CDU) party organisation in Frankfurt. He made the jump to Bonn in 1976, entering the Bundestag and heavyling CDU. becoming CDU opposition spokesman on energy policy. spokesman on energy policy. He was the clear choice for the research ministry when the centre-right coalition came to power last October.

Wrong balance

Dr Riesenhuber complains too little emphasis by indus on "creative research," try and too much on "defensive research"—for example to eet new state regulations on protection. environmental feels that "defensive" approach was fostered by the system of direct state aid, in which government had the final say on which industrial research projects should be eligible for support, Civil servants tended to play for safety; companies often tended to plan at least part of their research effort, not in response to market most likely to draw cash from

That complaint must be kept in perspective. This year the Federal Government is making available about DM 12bn for research (of which some 60 per cent comes from Dr Riesenhuber's ministry, another 15 per cent from defence). That compares with DM 24bn spect on research DM 3.4on spent on research and development last year by the Siemens electricals con-cern alone. In other words, sale funds and influence are far from negligible—but nor do they dictate the trend of the private sector's research

That said. Dr Riesenhuber quickly moved to make good his promise of change. Within his promise of change. Within months of entering office he had detached DM 300m from the DM 2bn originally per-cilled-in for direct project aid in the 1983 budget, and added it to the indirect side. The trend will continue next year.

are having their cash support reduced and the available funds are being concentrated on fewer sectors — especially on those of immediate impor-tance to German companies struggling to keep up, or eatch technologically with Japanese and American com-

That does not mean the new minister is abandoning interest in basic research of no early commercial use but he does feel there is too little direct feedback to industry from universities and other major institutions carrying out research. Only about 50 scientists a year, for example, leave the Federal Republic's dozen big publicly-funded research institutes (total resonnet 16,000) to go into the



Heinz

Dr Riesenhuber would like to see a cluster of high-technology businesses grow-ing up around, and founded by enterprising former em-ployees of, the big institutes.

The minister's vision is of German version of Calihe knows it will remain only capital is not made available for those with good new ideas but little cash. Hence Dr Riesenhuber's latest scheme -to provide special help for those trying to start out on

About DM 100m in public funds is being set aside ever the next four years to help new entrepreneurs with initial market research, prototype development costs a if needed, with be

guarantees The hope is that if this pilot scheme proves successful, banks, insurance companies and others with far bigger funds will be encour-aged to move into the field too.

Jonathan Carr

More protection barriers sought

Steel

JAMES BUCHAN

EVERYBODY AGREES that terrible state but people are less sure what is to be done

First the symptoms. Production in the European Community's largest steelmaker has slid steadily under the pressure of worldwide recession and diminishing steel use in industry from its peak of 53.2m tonnes in 1974 to 36m tonnes in 1982 Dr Dieter Spethmann, chief executive of marketleader Thyssen and head of the German producers' federation thinks a recovery in world steel consumption is "still far away." The only market that is really improving that of the U.S., last year forced sharp reductions in European imports on the grounds they were un-fairly subsidised — and the mostly unsubsidised Germans were obliged sullenly to play

The long years of crisis have eaten up the companies' dorff, the liberal Economics financial substance. Early this year, the small Korf Stahl producing group filed for bankruptcy. The Fried-Krupp steelmaking arm, Krupp Stahl. has making arm, Krupp Stahl, has three independent experts (or maved goodbye to about DM ibn "moderators"). This proposed since 1974 which is almost as combining the five chief commuch as the Shah's Iran put panies into two blocks, with parent and subsidiary in is refusing to pay fines of The more convincing of the company, to the detriment of its have to consider the company form the two, a merger of Krupp Stahl base at Dortmund as a steel- of protection.

European Commission for over-stepping the Community quota system on the grounds this would kill the company off. And Arbed Saarstahl, the rump of the old Saarland steel industry, which has received DM 2.8bn in government aid of one sort or other says it needs another DM 86m to keep the furnaces alight till Christmas.

Then the cure. Everybody agrees that capacity must be cut further but how much and where are the questions. Dr Spethmann has felt it necessary to attack people who feel West Germany "can play a Switzer-land" and do without an industry. On the other side, however, demoralised workforces, managers and local politicians are struggling to ensure that what cuts are made are made else-

Further, no federal government can permit market forces to destroy the second-largest employer in the embattled state of the Saarland or turn the tap off for the state-owned Salzgitter concern a relic of National Socialist autarchy which has never functioned properly but lies in a structurally weak region near the East German border.

panies into two blocks, with official aid of some DM 3bn

THE BIG FIVE 1982 sale Wrkfrce DM ba 000's

Thyssen Fried. Krupp Salzgitter 7.4 38.2 6.6 Kloeckner-Werke

and Thyssen on the lower Rhine, is still notionally in the air. Krupp is offering its profitable special steels operation as the bait for Thyssen to take over its mass steel interests which are a mighty burden on the parent company. The com-panies, however, are now demanding an additional panies, however, are now demanding an additional DM 1.5nn from Bonn to cover past debts — chiefy Krupp's, it seems — a demand which makes the normally equable Finance Minister, Herr Gerhard Stoltenberg, go red with rage.

The prospects for the merger are not particularly good. The unions and the local state

The other proposed block, combining Hoesch, Kloeckner and Salzgitter, was rapidly talked to death. The chief problem was that Hoesch was not willing to consider joining Kloeckner a financially weak Kioeckner, a financially weak but technically competitive company, to the detriment of its

the companies and this in-cludes Krupp and Thyssen have come to believe that Bonn's DM 3bn will come their way even on their own.
Both Hoesch and Kloeckner,
in their different ways, have
shown considerable resilience

Gienow of Kloeckner has per formed financial acrobatics (including an issue of convert ible loan stock backed by Australia's CRA) which are the wonder of the industry. Dr Detlev Rohwedder of Hoesch Detlev Rohwedder of Hoesch, an articulate Social Democrat and former ministry official, has discovered a passionate loyalty to Dortmund and has brought the company out of the flasco of its 1970s merger with Hoog-ovens of the Netherlands into something approaching selfconfidence.

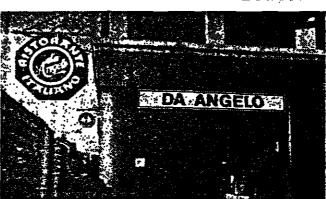
Restructuring

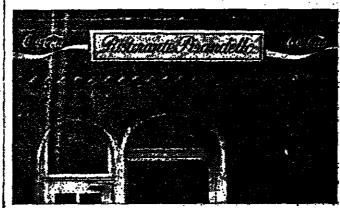
Men such as Rohwedder and Spethmann insist that only a small part of the solution (in fact 20 per cent) lies in restructuring and the main path lies through Brussels. This means bullying Bonn into bullying the Commission into maintaining the production quota system fairly (which definitely implies punishing Kloeckner) unions and the local state government are anxious about jobs cut while the competition, which fears that Thyssen will only increase in strength, has been muttering darkly about a "single company" creating a monopoly in Germany.

The other proposed block, The other proposed block, Germans.

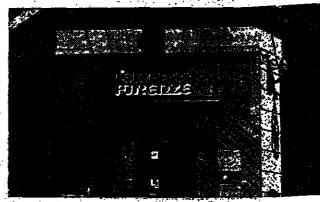
Dr Spethmann is quite open and says that with subsidised imports (and a growing share from outside the community) now taking over 40 per cent of the German market, Bonn will have to consider some measures













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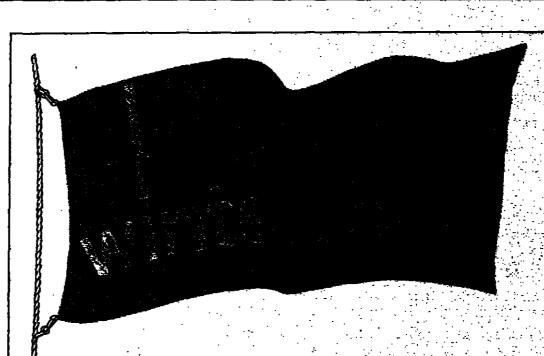
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Fierce battle for popular magazine readership

ILLUSTRATED MAGAZINES LEGGE

Paid circulation in the 2nd quarter

Press media

ELGIN SCHROEDER

THE SHOCK waves from the "Hitler diaries" scandal this spring continue to reverberate through the West German Press. The exposure of the much-

fanfared diaries as frauds not only tarnished the reputation of the news magazine Stern which published them-raising serious questions about everything from its brand of chequebook journalism to the authenticity of its photographs. It also showed up dramatically the lengths to which German weeklies are ready to go in their fight for readers and advertisers.

For two decades, Stern's mixture of nudity, political muckraking and gossip, produced solid profits and a circulation of almost 2m, West Germany's highest. But even before the diaries affair, there were signs that Stern's circula-

tion was slipping.
Competition in the Federal Republic's many-faceted maga-zine market is fierce. The reason is that advertisers prefer the publications with the highest sales. The periodicals, in turn, depend on advertising for roughly 80 per cent of their income. Without ads Stern, for instance, would have to cost three and a half times as much as it actually does to only break

Perhaps egged on by the more impressive recent exploits of its powerful newsweekly arch-rival Der Spiegel (with a paid circulation of 910,000 and a readership of close to 5m), Stern threw caution to the winds and became careless in its search for a scoop. It really believed the diaries were genuine, but did not check enough before publishing. Besides, the Hitler diaries fitted into the Stern

Meanwhile, Stern's proprietor Gruner and Jahr, the West Ger-

that was devised by Henri Han-nen, its editor-founder. the noble born and fast living, to stories on sex, crime, fashion Meanwhile, Stern's proprietor and travel — garnished, of course, with a variety of tempting photos. Of the three, Quick is the most politicised, campaigning for conservative causes from time to time.

is majority-owned by Bertels-mann. Europe's biggest media concern, says that the diaries fiasco has had little effect on the magazine's circulation. The crisis that led to the ousting of two top editors and which deeply depressed many of the periodical's journalists, seems to have touched readers only fleetingly. After a short fall in in sales in June Stern sold roughly 1.6m copies a week—as it had before the diaries affair.
While Spicgel—which modelled itself on Time magazine is the country's only real news-magazine. Stern is the only one among West Germany's four

man publishing company which is majority-owned by Bertels-

major pictorial magazines with serious, if erratic, journalistic ambitions. Its Leftist stance, however, is now likely to become more moderate, thanks to the influence of a new, more conservative editor. conservative editor. The other pictorials, Bunte (with a weekly circulation of 1.2m), Neue Rerue (with sales

of more than 1.2m) and Quick (with a circulation of 977,000) diaries fitted into the Stern (with a circulation of 977,000) Hoer Zu with a circulation of formula of presenting always largely cover traditional illussimost 4m. Weekly sales of "something different, interest-strated topics ranging from German radio and TV proing and aggressive"—a formula reports on the high and mighty, gramme magazines now total

Women's lib

In contrast to these periodi-cals, the usual German maga-zines for women though strongly resembling the illustrated in appearance, almost never offer political, economic or cultural information. Freundin, Fuer sic, Frau, Petra and Madame. which command a big market, are filled with the latest on fashion, cosmetics, cooking, housing and health care. Brigitte, the one exception to the rule in this genre, also covers social issues including women's lib and has a sale of close to 1.3m.

The radio and TV weeklies, which tend to carry a lot of feature articles, represent another thriving sector of the German magazine business. The market leader is Axel Springer's

just under 14m. On top of this, four newspapers distribute programme supplements free of charge.

While the sales growth of the more expensive magazines has heen at best stagnating for some time. a number of cheap new weeklies—catering to women and to the radio and TV public's hankering for gossipy news-have been making astonishing headway in the last two years. This applies not only to Tina and Bela, but also to Freizent Revue and to Die Aktuelle.

It is clearly the lower end of the market which offers pub-lishers the best chance of success in this time of recession. when people count their pennics. Last month, Azel Springer, not only Germany's but Europe's biguest publisher, and Bauer, a family-owned busi-ness which is third in place among the four big publishing companies that dominate the domestic magazine business, both launched their version of the novelty cheaple at discount prices. It is only a question of time before the other two giants, Gruner and Jahr (second ranking with a turnover of more than DM 1.7m last year)

Hard times bring plea for new aid

Shipyards

ANDREW FISHER

SHIPBUILDING around the world have fallen Germany where capacity has been cut by around a third since the late 1970s.

Even with this sharp reduction—employment has fallen from well over 80,000 a decade or so ago to under 55,000 now or so ago to under 35,000 now —German yards are still struggling. New business has been scarce and shipowners have been holding back on new orders during the lengthy shipping recession.

The results have been very

heavy financial losses, threats of substantial new job cuts, urgent pleas for greater subsidies and sit-ins at yards by workers fearful of losing employment. Like other northern European

shipbuilding industries, the yards in Germany have com-plained bitterly about the much lower prices in Far Eastern yards. These days, the world price leader is South Korea, where wages are well down on those in Germany and other European countries.

Korea is now the world's number two shipbuilder. It has curbed its expansion plans recently in view of the crisis in the indutry, but has still won more business this year. Japa's, the leading shipbuilding country with nearly 40 per cent of the worl, order book in mid-1983, also feels threatened by

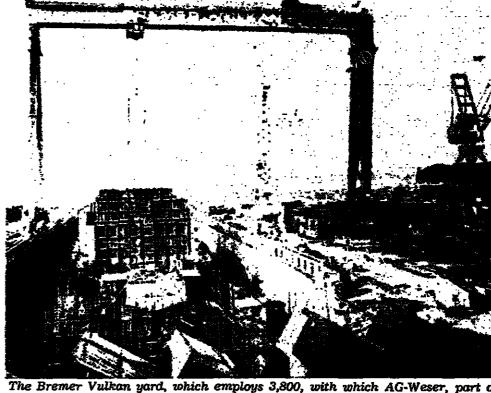
Asian prices lower

It is generally reckoned in the industry that Far Eastern prices for new ships are at least 30 per cent lower than in Europe. The situation is made worse by the fact that prices have fallen worldwide in recent years; since the end of 1980, they have slid by between 20 and 30 per cent-

There are tentative signs that prices are picking up, aided by a massive order placed by Japan's Sanko Steamship for as many as 111 bulk carriers. By filling up much spare capacity in Japanese yards, this order could help prices recover gradually.

The bleak truth, however, is that world shipbuilding capacity is estimated to be some 40 per cent more than required. So while the crisis among ship-owners partly suffering from having bought too many bulk carriers a few years ago, appears to be slowly easing, it will be a long time before the shipbuild-will remain opens. ing industry benefits.

cent of the world's new ships, By an estimated cost of DM 230m the middle of the 1970s, how- (£57m), of which the companies ever, this had come down to asked the local and federal



The Bremer Vulkan yard, which employs 3,800, with which AG-Weser, part of the Fried. Krupp group, is to merge. The Weser management has decided to close its Bremen yard altogether. The merger plan includes Hapag-Lloyd's repair yard in Bremerhaven which employs 1,300. The Hapag-Lloyd yard recently won the QE2 refit when UK yards were unable to fit in the work

just over 7 per cent. In 1982, Germany accounted for a mere 4 per cent of total merchant

The present year has proved a disaster for the industry in Germany. New orders slumped sharply during the first six months. The two yards in worst trouble are AG Weser in Bre-men and Howaldtswerke-Deutsche Werft (HDW) in Hamburg.

Workers at both yards have staged marches and sit-ins to emphasise their plight. At the Bremen yard, nearly 140 years old, the workforce has already been slashed from 6,000 a few years ago to 2,000 today. The Weser management has now decided to close it altogether, in advance of the rationalisa tion plan involving other yards.

The plan is that Weser, part of the Fried Krupp group, should merge with the Bremer Vulkan yard (employing 3,800) and the Hapeg-Lloyd repair yard (1,300) in Bremerhaven, which recently won the QE2 passenger ship refit when UK yards were unable to fit the work in. Under the proposed merger, Weser's subsidiary in Seebeckwerft, will remain open.

The rationalisation plan, In the late 1950s, West which was a major issue in the Germany used to build 17 per recent Bremen elections, has SHIP OUTPUT (m gross tons)

governments to put up half.

The federal government in Bonn has been reluctant to prop up the ailing shipbuilding industry with large sums of money. The West German in-dustry has asked for higher subsidies on domestic orders, along with extra subsidies for foreign business.

Without further government support, argues the industry, the remaining yards will just not be able to survive. In not be able to survive. In Hamburg, HDW—which is 75 per cent owned by Salirciter, itself state-owned—is reducing labour considerably. HDW said in March that it needed major redundancies from its 4,000-strong workforce in the city.

Since then, about 600 people have gone voluntarily and HDW plans to lay off 1,350 more. But this angered unions and several thousand men marched through Hamburg in September then occupied the yard for several

Other shipbuilding centres like Kiel and Emden are also suffering. Thyssen Nordseewerks in Emden intends to shed about 650 of its 3,500 workers in the next 12 months. Altogether, as many as 9,000 more shipbuilding jobs are at risk. This is about the same number that government-owned British Shipbuilders has been seeking to be a seeking the same than seeking to reduce its labour force by between March 1982 and March 1983.

As well as trying to persuade their governments to provide more financial support for restructuring and to win new business, EEC shipbuilding companies have also attempted to win concessions from the Brussels commission. They would like the subsidies designed to match the gap with Far Eastern prices to be raised slightly. This would probably be conditional on further European efforts to slim down CAPACITY.

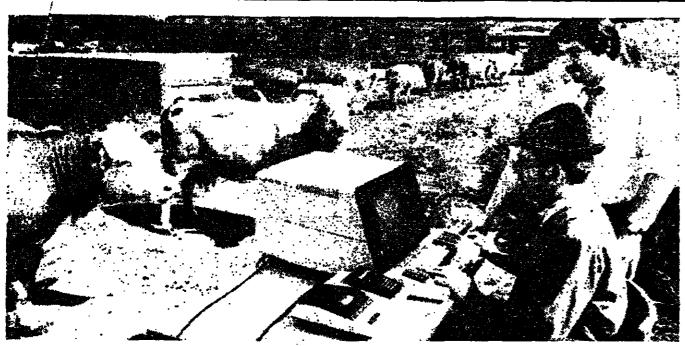
The Brussels experts are well aware of the problems. A recent EEC report criticised the pricing factics of Japan and South Korea, especially the latter,

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Financial Times Monday October 31 1983

WEST GERMANY XI



TV time down on the farm. The computerised future has begun near Munich where an advice centre has been set up. In the picture a farmer is working with a terminal and information programme on cattle breeding. The terminal can be used to file detailed information on cattle and milk yields

cosseted sector content with the CAP

Agriculture

JOHN CHERRINGTON

ONE OF THE basic arguments used to justify the Common Agricultural Policy was to the effect that West Germany would be happy to pay the costs of this, in return for the industrial markets which were open to her through the EEC. By the same token France expected to benefit from the German demand for grain, meat and milk products, supplied by the more efficient French farming sector.

This did not happen, however. Far from importing more from France and other pariners Germany has increased food self-sufficiency to a very large extent and has contributed her fair share to the notorious food moun-tains in the intervention stores, notably of beef, but I t and wheat. This was made possible by two exceptional factors. The quality of much of German farmland is of a high order so that yields per cow and per acre of cereals etc are fully comparable with

Then, thanks to an eccentricity of the Community's financial system, the strong German Mark which should, in theory, enable imports of food to enter more cheaply from Community sources, and which would have made them very competitive with German produce was comtered by monetary compensatery amounts.

At the present moment these act as a 10 per cent

levy on French imports for instance and there does not seem to be much chance that this system will be relieved in the near future, although the abolition of the MCA system is a long-term aim of the EEC Commission. The MCA also act as an equivalent subsidy on farming exports of which Germany takes very full advantage,

There is, for instance, a sizable export trade of whole milk to Italy, together with calves for fattening. Neither the French nor Italian farmers like this; the French because they believe Italy should be a French preserve and the Italians for their part talk about unfair competition.

Nor should it be thought that the cosseting that the MCAs give the German farmers encourages inefficiency. Since 1970 cereal output has risen by 31 per cent and milk by 25 per cent, only France of those member countries in 1970 has done proportionately better in the cereal sector.

Criticism

government has, if anything, strengthened the farmer's position. While the Socialists position, while the Socialists were the dominant partners in the coalition, Mr Josef Ertl, the Liberal Minister of Agriculture, was having to fight increasingly hard against socialist criticism of the high cost of maintaining Germany's share of the EEC system.

With the Christian Demo-crats the senior partner there does not seem to be the same urgency to seek re-forms. This is partly because farmers in general seem to support the Christian Demoerats and Liberals, and also

because of the social side of farm policy which has been maintained by all governments since the war.

Like much of Europe which came under the Code Napoleon, German farms have been fragmented by inheritures. There has been a contance. There has been a con-siderable amalgamation of land but the great majority of farms are still very small by European standards and very little hired labour is employed. There is certainly a high degree of over-employ-ment on many of these small farms and this has been countered by the encourage-ment of industry into the countryside and the provision

of part-time jobs.

In some areas part-time farming was the rule, with very few farmers who could be classified as full-time. But there is a trend now to whole time farming. Even here the size of holding is such as to make it a one man or family

run operation.

Large scale operations such as are developing in the United Kingdom these days would be unthinkable in most of modern Germany. From this must be excepted the Schleswig Holstein area, traditionally a large farm area, but even here there has been some reduction of farm size towards the family

There are 760,000 holdings of over 11 hectares as compared with 224,000 in the UK with a roughly comparable land area, but 300,000 of them are classified as being spare time, that is the farmer has another principal source of income. Where farming is the principal income there are 370,000 full time units and 80,000 which are classified. fied as part-time. Over the past 10 years these part-time farms have reduced by more

than half but the other categories by

Successive have done their best to amal-gamate the fragmented farms into more concentrated units with a good measure of success, but the average farm size is still 24 hectares for the full-time down to five hectares for spare time hold-ings. Yet socially these last provide a valuable function in arresting the spread towards farm industrialisation which is so prevalent in Britain and does maintain a visible rural bias in many villages, whose inhabitants can get the bulk of their income from the inustries which have been located nearby.

Small dairy herds

The small size even of the full-time holding looks like being a definite advantage should the EEC Commission's reform plans get under way. These seek to restrict milk production by attacking the large expanding dairy herds and penalising them for their excess while leaving the smaller farmers, those wi around 12 cows, miseathed.

The average German herd is now 13 cows so few of them will have to suffer. In any case it is doubtful if any German Government would countenance the sacrifice of such a stable element of society as the farmers for the sake of streamlining their productive efficiency by farm enlargement.

Meanwhile the French, Danes, Dutch and even the British chafe about the pro-tection, as they see it, that the CAP and the German Government provides for its farmers. But it is doubtful that they will be able to alter



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Alarms ring for dying forests

Acid rain

ELGIN SCHROEDER

THE GERMANS' "angst" syn-come—the feeling that everything is doomed—has a new chance to assert itself this autumn. Now the woods—with which Germans have lovingly i dentified since their tribal days -are dying.

· A recent public opinion poll tonducted by the respected A'llensbach Institute shows that the West Germans are more worried about the creeping Parts of their forests than they ore about the arms race. They would even pay a special levy to finance a save-the-trees The latest news about the

state of what generations of poets and artists have recognised as a national German symbol is gloomy 2.5m hectares of woodland or more than 30 per cent of total German forests are damaged. This is a "dramatic deterioration" of the situation against a year earlier, when only 8 per cent of all trees were affected according to Herr Ignaz Kiechle. Federal Minister for Agriculture

and Forestry.
Roughly 75 per cent are suffering "mild" ill health. while 20 per cent are displaying more serious symptoms. The rest are either dead or very ciose to it. Especially hard hit areas is a southern German kind of becomin fit tree, of which virtually no cerned. sound specimens exist anymore. But spruce and pine trees are fast catching up. Lately deciduous trees, generally less sensitive than conifers, have also shown the danger signs—

loss of leaves and bare tree-tops. So far, the eastern Bavarian



A sylvan scene in the Black Forest which is now bearing the brunt of tree blight

in from many other tree-rich provinces, such as North Rhine-Westphalia and Hesse. But even Lower Saxony and Berlin. areas with fewer trees, are increasingly con-

Public pressure for immediate effective steps to counteract the alarming phenomenon is growing. It is backed by politicians of every persussion—led by "the Greens." the ecological party in the Bundestag, the West Ger-

mountain regions and the Black Gerhart Baum, former Forest in Baden-Württemberg Interior Minister (whose name former problem.

have been bearing the brunt of means tree in German) speaks the tree-blight. But it is rapidly for many in warning of an spreading throughout the whole "ecological catastrophe." But of the Federal Republic. Reports measures to stem the disaster on the galloping pace at which the disease strikes are coming differ on what exactly causes it. Uppermost on the list of possible culprits is the so-called "acid rain"—polluted rain with

high sulphur dioxide and nitric oxide content Alone or in com-bination with other causes, in-cluding pesticides, it is widely suspected of being the prime tree killer. Last month the centre-right

It also underlines the new

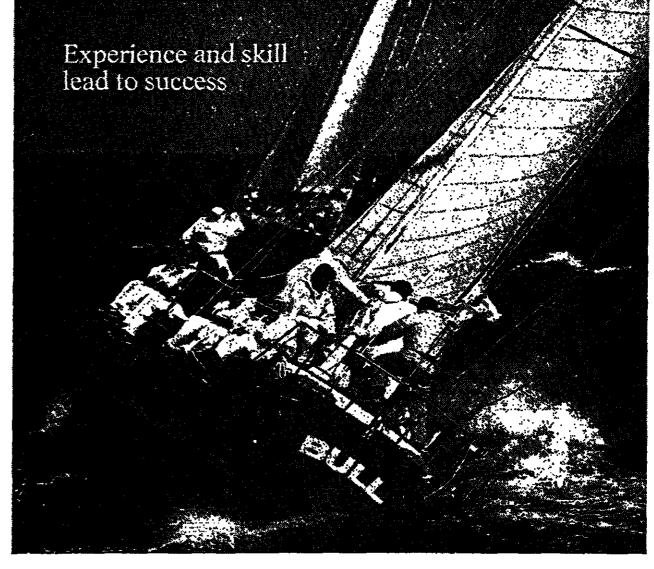
stringent emission control standards which were slapped on large power stations at the beginning of July. This regula-tion aims at lowering the annual sulphur dioxide emissions of some 200 coal-fired plants of 1.2m tonnes from a staggering 3m tonnes now The Govern-ment has also decided to ment has also decided to introduce lead-free petrol from 1986 and pledges international co-operation in the fight against pollution "which does not stop at the border." It welcomes any private initiative to help the forests

Reception of the Government initiative was mixed. Industry complained loudly about the high costs involved in equipping power stations with desulphurisation technology and that of vehicles with catalytic conventions.

The Greens and the opposi-tion Social Democrats (SPD), on the other hand, called the environmental requirements insufficient. The SPD accused the Government of watering down the new emission standards—in order to spare the entrepreneurs—so that the entrepreneurs—so that older plants could escape early retirement or technical modifications for the next 10

The SPD, in this case unusually supported by the liberal Free Democrats (FDP), the junior partner in the Bonn Government, once again pushed its earlier proposal of introducing a special levy to aid the trees. This levy would be paid by all Germans. The SPD has also suggested slapping a special sulphur levy on utilities to prod them into re-equipping their plant more quickly.

So far, the Government is Government in Bonn presented unwilling to take up these an "action programme to rescue the woods" that puts aside as much as DM 56m for further research into the tree well not look kindly on prevarication.



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Unemployed people waiting for jobs at Frankfurt labour office. Foreign workers find themselves at the sharp end of the recession

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Turkish families take the strain

Foreign workers

LESUE COLITY

"WHEN WE are in Turkey they call us Aimanyali (Germans)," explained 13-yearold Hüseyin Ali, "and when we are in Berlin they call us Türkensau (Turkish swine)."

Hüseyin is one of the 1.6m Turks in West Germany, the largest nationality among the 4.7m foreigners, who make up 7.6 per cent of the population.

When Germans speak of the

ten German, he will be lucky to return home voluntarily. to find an apprenticeship. Integration is an almost Unlike his father, who is a visionary goal for the Turks, labourer, the son will have to as most of them do not want get qualifying training, if he is to become Germans, and the workers in West Germany in

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usually mean the Turks, whom despite occasional threatening they regard as being the least rhetoric from its right-wing, adaptable to German ways, largely continued the policy of Ironically, the Turks are tra- the previous government ditionally Germanophiles, but towards its foreigners. Chanthis is fast chanding into cellor Rohl resterated the main animosity, as a result of goals recently; integration of growing discrimination. those foreigners who have lived Hüseyin expects to leave in West Germany for years; school soon, but with only a limitation of new immigration; rudimentary command of writ- and incentives to get foreigners

to find employment. There will German Government does not be far less demand for unskilled make it easy for them to obtain German citizenship. Their child-ren, however, are already coming years. ren, however, are already
The Conservative led West expressing the wish to become Germans, aithough German officials are not eathusiastic about the idea, and the Turkish Government opposes it outright.

Bonn would also like to lower the maximum age at which Turkish children can join their parents in West Germany from 16 at present to 6. This would be to assure that the children receive their schooling in West Germany and do not automatically join the ranks of the unemployable when they arrive bere as tecnagers.

Various measures have been adopted to try to induce the Turks to return home, but none of them offers much hope of succeeding. Under a law which took effect on October 1, Turkish workers who lose their jobs after the failure of their company are eligible to get DM 10,500 plus DM 1,500 for each child, if they return to Turkey.

Little response

West Berlin's plan to encourage Turks to go back by offering DM 4,000 to each Turkish family pledging to return has not met with much of a response. This is because Turks who are unemployed in West Germany (some 20 per cent of them) receive more than most workers in Turkey who have a job. Turks who express an unwillingness to return home cite the economic situa-tion in Turkey as the main reason they do not want to go

Although foreigners in West Germany have borne the brunt of unemployment, they are getting a growing share of would not want to live there, benefits from the strained the report stated. The city German social security system.

Last year, DM 1-16n was paid in taxes paid by foreigners, and family allowances for Turkish DM 17m in social security conchildren in West Germany, out tributions. The city's depart of DM 2.63bn spent on the 1.7m ment stores and other shops foreign children in the country, would lose DM 50m in purchas-Changes in the system this year indicate that foreign families will get a still larger slice of transfer a high proportion of

Foreign workers are often ill country. more often than Germans, as

tonous, and job motivation, especially among the women, is

mınimal. The City of Düsseldorf recently commissioned a study of what would happen if 75 per cent of the city's foreigners were to return to their native countries. It found that the city's public transport would collapse without the foreign employees, while hospitals and homes for the aged would find it difficult to continue operation. Electric power production would be threatened and many building projects would not be com

Areas of Düsseldorf inhabited by foreigners would turn into abandoned slums, as Germans ing power.

The Turks, in particular family allowances in the future. their earnings back home (an A greater percentage of estimated DM 3.6bn this year) foreign workers receive dis- and the report noted that the ability pensions than Germans absence of this hard currency because they frequently hold in Turkey would hurt German

While the political situation

PROFILE: HORST TELTSCHIK

Performing a dizzy balancing act

HERR HORST TELTSCHIK Chancellor Kohl's chief foreign policy adviser, foreign policy adviser, resembles his boss in his Roman Catholic falth and his urquenchable optimism

In a country where gloom is chic, Herr Teltschik, 43, believes that Moscow could soon realise that it has lost the political battle over the political baffle over nuclear missiles in Europe, that Nato has never before been so united and that the protest movement undamned by the missiles issue will evaporate in the warm sunshine of a 1984 economic recovery.

That Herr Teltschik says things that are pleasant for Herr Kohl to hear is clearly one reason why they have been together since 1972, when today's Chancellor was prime minister of the state of Rhineland-Palatinate. It is not enough to explain why not enough to explain why Herr Kohl, who is impatient with subordinates, listens to

with subordinates, ustens to no man more carefully on foreign policy than to the sprightly Sudeten German. Written off as a lightweight from the Palatinate "mafia" when he took over the foreign and intra-German department in the Chancellery a year ago, Herr Teitschik this month received a dubious compliment when he alone escaped a devastating attack on Kohl's team in the magazine Die

Spiegel. Another compliment comes out of the past. Though head of the Christian Democrat students at the dangerously polarised Berlin Free University in the late 1960s, Herr Teltschik was none the less taken on as "assistent" by the Social Democrat sage, Professor Richard Lowenthal. and even corrected the late Rudi Dutschke's work.

Although Kohl's foreign policy has yet to pull in its ends — not least because of the extra-mural activities of Herr Franz-Josef Strauss philosophy is gradually emerging. Herr Teltschik and Herr Alois Mertes, the foreign



Horst Teltschik, Chancellor Kohl's chief foreign policy adviser: unquenchable

office minister of state, are its chief exponents. Not surprisingly for a refugee from what is now Czechoslovakia, Herr Teltschik says that West Germany must revive historical ties with the East — but from the "firm foundation" of friendship with the U.S. and western Europe.

This notion becomes less

paradoxical the less hostile Moscow and Washington are to each other, which is why Herr Teltschik and Herr Kohl push so hard (and optimistically) for an east-west summit. In effect: West Germany stations the new U.S. missiles this winter but bends over backwards to offer Moscow and eastern Europe (above all, East Bertin) better relations for the longer term. This is also designed to comfort the very many West Germans who resent the missiles because they fear they mark a setback in the gradual process of recovering sovereignty and coming to terms with the east. Whether Bonn can pull off this dizzy balancing act, which makes the east suspicious and the west a little nervous, will

depend on agile men such as

Horst Teltschik. James Buchan



the majority of Turks living in West Germany, who come from rural Anatolia, educated Turks. who largely opposed the milefor extraditing Turks in West Germany who are wanted by Turkish authornties "for politi-Cal crames."

in one recent case. Mr Kemal Altun, a young Turk with among Turkish soccer fans who Social Democrat leanings, com- attend the forthcomine football mitted suicide in front of a match in West Berlin between West Berlin court which was Turkey and West Germany.

be extradited to furkey, where was wanted for alleged

Although nee Natism is a negligible political factor in West Germany, the authorities report a growing number of autr-Turkish incidente ca ried out by extreme Right-sing groups. One of them has threatened to wreak harne

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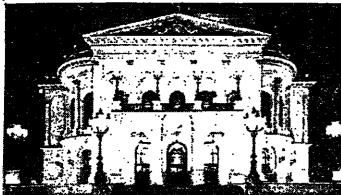
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